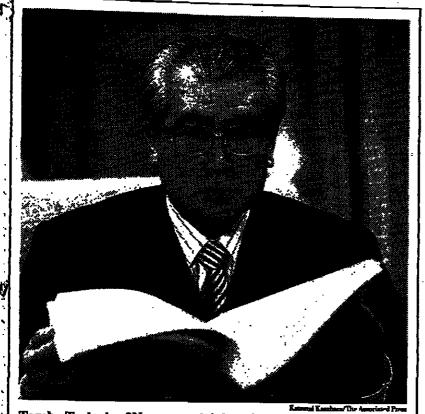
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

London, Thursday, January 21, 1999



## Tasuku Tsukada of Nagano explaining why records were destroyed.

### Sifting Olympic Ashes Nagano in Uproar Over Lavish Perks And Destroyed Records of 1998 Bid

By Mary Jordan and Kevin Sullivan Washington Post Service

NAGANO, Japan — Around March 1992, 10 large boxes of documents cluttering up Junichi Yamaguchi's office in City Hall were

hauled away to a locked warehouse. Then the trashmen drove them to the city incinerator, tossed them in the fire and burned the only known accounting of how this little city in the Japanese Alps spent more than \$14 million to land the 1998 Winter Olympics.

Yamaguchi, a key official in Nagano's Olympic bidding committee, said the boxes contained records showing how Nagano paid first class Committee members and many of their companions to visit Japan, how they put them up in fine hotels in Tokyo, Nagano and Kyoto, wined and dined them, entertained them with geishas, flew them around in helicopters. They even showed how a

By Steven Erlanger

New York Times Service

Western diplomats here concede.

avoid the use the force that Mr. Mi-

losevic doubts they would be willing to

couple of them billed Nagano for thousands of dollars for expensive Tokyo hotel suites where they stored their luggage as they toured other parts of the country. Yamaguchi, in an interview Wednesday, said Japanese officials had to treat the visiting IOC members well if they had any hope of landing the Olympics.

"These people were the ones in position to write 'Nagano' at election time," Yamaguchi said. Noting that IOC members had asked Nagano officials not to publicize their spending, Yamaguchi said the burning of the books was a "courtesy" to them. He said Nagano officials worried that if the documents were made public, "It could cause unpleasantness to them.

As the probe into the Salt Lake City Olympics scandal widens, a new spotlight is being focused on the vast sums spent to woo the IOC before the 1998 Games in Nagano, which beat

Once Again, Milosevic Calls the Tune

Officials Flocking Anew to Ask Him to Defuse a Crisis He Created

See NAGANO, Page 19

## Fed Chief Opposes Social Security Plan

### Greenspan Says Clinton's Plan For Stock Investment Is Unwise

By Mitchell Martin International Herald Tribune

NEW YORK - Just hours after President Bill Clinton suggested investing part of the pension money in the Social Security trust fund in the stock market, Alan Greenspan, the Federal Reserve Board chairman, told Congress on Wednesday he thought it was a bad idea.

Mr. Greenspan said he opposed the concept because it would be impossible to insulate investment decisions from political influences. "What I do not support," Mr. Greenspan said, is "the investment of government funds, especially Social Security trust funds, in private securities, especially equities. Mr. Greenspan's comments to the House Ways and Means Committee did not provide much guidance about the Fed's interest-rate policy. He did say the central bank was primarily concerned with the overall economy, not just stock prices, which he warned were high, reflecting "substantially greater growth of profits than has been experienced of

But his comments did not indicate an imminent rate increase, and as he testified the market began to rise, led by surprisingly high earnings from Microsoft and General Motors, but bluechip shares closed lower. (Page 11)

In response to a question from Bill Archer, the Texas Republican who chairs the Ways and Means panel, Mr. Greenspan said it was "virtually impossible" that there would not be 'some kind of direction' from politicians in the way the money was in-

Although his prepared testimony to the committee on the state of the American economy did not refer to Social Security, Mr. Greenspan did say it was crucial that capital be allocated toward productive investment

When he responded to Mr. Archer, the Fed chairman said, "our experience with state and local pension funds" shows that these government-run bodies obtain rates of return that are usually lower on average than private pension funds of comparable nature." He said studies suggested that the greater the number of political appointees to the boards of the state and local funds, the

William Schneider, an analyst at the

rushed to judgment too quickly in Ra-cak, that the 45 bodies had been killed in

fighting, not cold-bloodedly, and that

ethnic Albanians of the Kosovo Lib-

eration Army later mutilated the bodies, changed their clothing and dumped them in one spot to be discovered.

While such charges have been dismissed out of hand by American officials, French officials say they are

taking them more seriously, while urg-ing the kind of international forensic

investigation that Washington also

wants. The Serbs have agreed to allow

some Finnish forensic scientists to see at

Washington and the West are also insisting that Mr. Milosevic resume full

cooperation with the international com-

investigating war crimes in the former

The chief prosecutor of the tribunal,

Louise Arbour, was not allowed into

Kosovo without a visa, and returned to

That action fits with the general Ser-

bian position that there are no war

crimes in Kosovo because there has

been no war there, the diplomats said.

But they also noted that the tribunal has

been allowed to open an office in

The October deal was negotiated un-

The deal saved many refugees from

dying of the cold and has restrained

See BELGRADE, Page 6

American officials have conceded.

Yugoslavia access to Kosovo.

The Hague on Wednesday.

least some of the bodies.

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	<b>T</b> I	
	The Dollar	
New York	Wednesday @ 4 P.M.	previous close
Euro	1.1565	1.1622
Pound	1.6458	1.656
Yen	112,955	1.376
DM	1.6917.	1.683
Ħ	5.6737	5.6444
Dollars per po	and per earo.	
	The Dow	
•	Wednesday close	percent change
<b>— 19.31</b>	9,335.91	-0.21%
	S&P 500	
1	•	percent change
+4.55	1,256.55	+ 0.36%
	Nasdaq	
		percent change
+7.49	2,415.22	+ 0.31%

#### Brazil Battles Over Deficit

After losing its fight to preserve the value of its currency, Brazil faces a new battle as the government tries to pass legislation to cut its huge deficit and calm investors. Page 11.

American Enterprise Institute, a publicpolicy research organization in Washington, said that Mr. Greenspan's opposition, coupled with a Republicandominated Congress that was hostile to the plan, made it unlikely that Mr. Clinton's proposal would pass.
Indeed, on Tuesday, Mr. Archer said,

Government-controlled investment in markets is contrary to free enterprise.' Such investment would "open the door to all kinds of mischief involving govemment dictates, favoritism and

cronyism."
Mr. Schneider said, by way of example, that if the government controlled billions of dollars in stock-market funds, that there might be calls for it not to invest in tobacco companies or corporations accused of polluting the enument. Although such objections might be "admirable," they could be contrary to sound investment practice. In his review of the U.S. economy,

Mr. Greenspan said it "certainly has remained vigorous." He attributed the

See GREENSPAN, Page 12

AGENDA

#### **U.K. Party Chief** To Step Down

LONDON (Reuters) — Paddy Ashdown, the leader of Britain's minority Liberal Democrats, an-nounced Wednesday that he would step down from his post after the European Parliament elections in

"I think it will be good for the party to have a new leader in the summer, with new energy and new ideas," Mr. Ashdown, 57, told a meeting of his 46-strong parliamentary party. He also said he would quit as an MP at the next general election. Mr. Ashdown became leader of the party in 1988.

#### U.S. to Spend More For Missile Defense

WASHINGTON (Renters) — The United States said Wednesday that it planned to spend an addi-tional \$6.6 billion on a national missile defense program to counter growing threat from rogue states and also said that it would try to modify a treaty with Russia if necessary to allow the system to be

deployed. Secretary of Defense William Cohen said the funding was designed to fight a growing threat to troops abroad and Americans at home.

BooksCrossword	
Opinion	Pages 8-9.
The Intermarket	Page 18.
The IHT on-line	www.iht.com



Alan Greenspan says U.S. stock prices appear high in relation to profits.

## Clinton Uses Initiatives To Show He's Still Boss

#### State of the Union Address Challenges Rivals

By Dan Balz Washington Post Service

WASHINGTON — With a blizzard of small initiatives and one big proposal on Social Security, Presiprevent the Republicans from occupying the political

center ground — and to resuscitate his ANALYSIS damaged presidency in the process Mr. Clinton entered the House

chamber Tuesday night as the first impeached president in a century and a lame duck to boot. Given his weakened condition, the impeachment trial in the Senate and the fact that Republicans control Congress, little of what he offered in his next-tolast State of the Union address may become law.

That was certainly the case last year with some of his major offerings, and one question that seemed to hang over Mr. Clinton on Tuesday night was not whether he can talk about the problems of the country, or lay out a lengthy agenda, but whether he has the strength to govern. That may not be clear until the Senate trial is over. But like the others he has given,

Mr. Clinton's State of the Union address was as much a political brief as a governing blueprint. The lengthy torical moments, represented a carefully tailored document designed to appeal to public opinion, unify his own party and put Republicans on the

His new agenda sets the stage for a debate over the big across-the-board tax cuts favored by the Republicans and Mr. Clinton's idea of reserving most of the surplus for saving Social Security. And his education agenda, which calls on the federal government to hold local school districts to account for student performance and teacher competency, represents another effort by the president and the Democrats to heighten differences with Republicans over an issue that has hurt the Republican Party na-

Mr. Clinton made no mention of See SPEECH, Page 6

## **Charges of Perjury Lack** 'Specificity,' Senate Told

By Brian Knowlton nional Herald Tribun

WASHINGTON — A White House lawyer said Wednesday that the perjury charge against President Bill Clinton displayed "a stunning lack of specificity" that made it unconstitutionally vague and nearly im-possible to defend against.

Gregory Craig, who was opening the second day of Mr. Clinton's de-fense, accused the House members prosecuting the impeachment case of creating "myths" about what Mr. Clinton had said, of confusing senators about where he said it, and of pressing charges that, in unconstitutional ways, go far beyond the impeachment language approved by the House on Dec. 19.

'We are the ones who must cry foul," he said.

Focusing on the first article of impeachment, which deals with perjury, Mr. Craig charged that it had a fatal shortcoming. "It alleges perjury generally," he told the 100 senators sitting in judgment, "but it does not

allege a single perjurious statement specifically."

"Imagine a robbery indictment that failed to indicate who or what was robbed, or what property was stolen," Mr. Craig said. "Imagine a murder indictment without identifying a victim."

The result, Mr. Craig said, was a process that had been "profoundly unfair" to the president. "We have been left to guess what the specific allegations are," he said. "How do we know what to defend against?"

In most perjury cases, and in pre-vious judicial impeachments for perjury that have been heard by the Senate, specific language has been cited as perjurious, according to Mr.

The House's failure to do so in the impeachment article, he said, "violated the president's constitutional right to due process and fundamental fairness" and raises a question "that I

think only this body can resolve." The Senate is weighing whether to

See CLINTON, Page 6

## Chinese Gets 2 Years for Providing E-Mail Listings

#### By Seth Faison New York Times Service

SHANGHAI — A court here sentenced a computer engineer Wednesday to two years in prison for an e-mail-related crime in a case watched closely by people monitoring China's growing use of the Internet and

official efforts to control it. Shanghai Number One Intermediate Court ruled that Lin Hai, 30, committed a subversive act last year when he sent 30,000 e-mail addresses to VIP Reference, an electronic publication based in the United States that Chinese authorities consider hostile to Beijing.

Mr. Lin, who was arrested last March, ran a software company that set up Web sites and offered other of electronic commerce.

said her husband was uninterested in politics and was simply exchanging e-mail addresses to build up a database for his on-line business.

Prosecutors argued in court proceedings last month that the list provided by Mr. Lin was later used to distribute "large numbers of articles aimed at inciting subversion of state power and the socialist system." Editors at VIP Reference, one of many electronic

publications that distribute news about China, say that they send information to 250,000 e-mail accounts in China. Efforts to restrict the exchange of political information on the Internet, these editors contend, has become impossible because of the volume and variety

Chinese officials formally embrace use of the In-Internet-related services. Mr. Lin's wife, Xu Hong, ternet as a necessary part of efforts to modernize their economy and society. At the same time, special task forces monitor political content on the Internet and block some Web sites that carry information that Beijing deems unfriendly.

No one knows the true size of internet use in China, because many users share accounts, but one recent official estimate said that 2.1 million people in China were on the Internet by the end of 1998, up from 670,000 a year earlier.

In such a fast-growing environment, the case against Mr. Lin looks like a throwback to an era when Beijing

See CHINA, Page 4



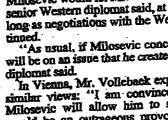
was himself accused by the Serbs ofpartiality, and on Tuesday was ordered

to leave within 48 hours. That order was extended by another 24 hours after the 54-nation Organization for Security and Cooperation in Surope — which includes Russia —

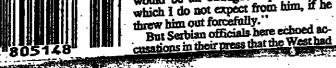
It appeared Wednesday night that Mr. Milosevic would let Mr. Walker stay, a senior Western diplomat said, at least as long as negotiations with the West con-

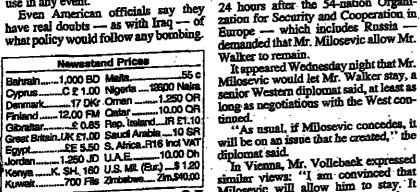
"As usual, if Milosevic concedes, it will be on an issue that he created," the

In Vienna, Mr. Volleback expressed similar views: "I am convinced that Milosevic will allow him to stay. It would be an outrageous provocation, which I do not expect from him, if he



But Serolan officials that the West had usations in their press that the West had







## It's All a Morality Play, Not a Trial

The GI Bill of 1944 'transformed the

class structure of an entire nation' by

servicemen back from World War II.

boosting into the middle class

By Ken Ringle Washington Post Service ASHINGTON who thinks the impeachment trial is just about William Jefferson Clinton, his behavior and his opponents

should think again.

For what is under way, according to a number of thinkers on language, ethics and history, is one of the great morality plays of this moral soul of the United States of America.

It is not really about Monica Lewinsky or Linda Tripp or lying or perjury or thong underwear and cigars in the Oval Office. Nor has the controversy about it been just about partisan political gamesmanship between the president's Democratic supporters and the Republican forces on the other side.

"It is about something far deeper and more basic to our culture," said Jan Shipps, a historian who has studied Christian conservatism in America's cities. "It is about the behavioral boundaries once defined by class but increasingly in flux everywhere, not just

since the 1960s but really ever since World War IL" To George Lakoff, author of "Moral Politics: What Conservatives Know That Liberals Don't," the key to understanding the impeachment battle is to ask why conservatives seem intent on suicidal politics — all the polls show Americans favor leaving Mr. Clinton in office.

The answer, he says, is that accountability and punishment are fundamental to what conservatives see as the structure of American society. It is the "stern father" model of an American family, according to Mr. Lakoff,

with the president as a figure of moral authority.

Mr. Clinton's liberal supporters, Mr. Lakoff says, model American society on the "nurturing parent" concept.

To them, the president is less a figure of moral authority than a helpful and powerful friend. And the proper response to his transgressions in office is not punishment but having him do more "good deeds" for all the people he betrayed, like the list of social programs Mr. Clinton proposed in his State of the Union address Tuesday.

At the annual meeting in Washington this month of the American Historical Association, historians from Notre Dame to the University of Texas echoed Ms. Shipps's and Mr. Lakoff's view of impeachment as a surrogate battleground for culture wars over issues from abortion and race to economics and gay rights. But these two go further.

The trial now taking place in the Senate "is about two very different but equally sincere ways, not only of looking at American society, but of thinking and talking about it, said Mr. Lakoff, a professor of linguistics and cognitive science at the University of California, Berkeley. And it is nowhere near as simple as it is often pictured. Mr. Clin-

ton's baby boom generation against everybody else.
"Are you kidding?" said Ms. Shipps, of Indiana University-Purdue University at Indianapolis. "The baby boomers are the very ones fueling the growth in fun-

To Mr. Lakoff, the fundamental split works like this: Accountability and discipline are less important to

liberals than nurturing is. But to conservatives they are the foundation of American character: "To conservatives, without them the whole house of cards comes down."

His book "Moral Politics" appeared in 1996, well before the current scandal broke. But during the House impeachment debate, "I was stunned," he said. Mr. Clinton's consensus served for nursishment of moral trans-Clinton's opponents argued for punishment of moral transgression. His defenders saw greater morality in leaving him in office to help the disadvantaged, "Both sides could have been reading from its pages," the author said.

Ms. Shipps sees as much polarity in the impeachment debate as Mr. Lakoff does. But she approaches the battle

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slightly differently. To her, the roots of the nation's present political and cultural solit lie not in the Woodstocks and riots of the 1960s blamed by many cultural historians, but in the passage of the GI Bill of Rights

That bill, with its promise of college and home ownership for returning World War II veterans, she says, 'did what nothing else in history probably ever has: It transformed the class structure of an entire nation al-

most overnight."
Sons and daughters of farmers and factory workers, often threadbare survivors of the Great Depression of the 1930s, whose lives might well have duplicated their parents', instead found themselves suburban college graduates in the 1950s, living a middle-class lifestyle for which they were often ill prepared.

The structures of class

and community, both arban and rural, "pretty much defined acceptable limits of behavior" in the 1930s, Ms. Shipps said. But the mobility and memoil of World War II fractured all that, and the GI Bill boosted the majority of Americans into the

As magnificent an achievement as that was, she said, "You see during the 1950s a major change in the way ordinary people spend their leisure time: a cocktail party culture at every level, a growing divorce rate and other signs of loosening behavioral boundaries you just didn't see widely before that outside the upper class." Ms. Shipps regards the turbulent 1960s and 1970s as an

accelerated loosening of these bounds.

Mr. Lakoff sees that era as a whole generation reacting against the "stern father" governmental model of the 1950s and earlier, which served so well for the Depression and World War IL

ABY BOOMERS demanded a different, "nurturing" government in its place, a government that recognized that economic plenty alone was not enough. Their rebellion inevitably triggered a backlash: a whole segment of America frightened by the eroding structures of family, community and nation, frantically reaching out for rules, both old and new.

Ms. Shipps finds evidence of that backlash in the explosive growth of televangelism and the Religious Right. Mr. Lakoff sees it in the philosophical regrouping of American conservatives following the debacle of Barry Goldwater's 1964 presidential race.

The moral high ground was held in the 1960s and early 1970s by the pro-civil rights, anti-war left, Mr. Lakoff says. Conservatives, he said, were widely perceived "as not very bright" — hawkish, penny-pinching, racist naysayers, opposing all governmental programs without any positive agenda of their own to advance. "To their great credit, they sat down and raised money

and set up these think tanks to redefine conservatism in positive terms," Mr. Lakoff said. "And with Ronald Reagan you see it framed and advanced in terms of moral people understand and accept."

President Clinton, Mr. Lakoff says, is anathema to conservatives on two counts: He views government as a 'nurturing parent' like the liberal he truly is, but he talks the conservatives' family values talk in successfully

selling his agenda.

"To liberals, moral authority comes from a president's success in meeting public needs. This Clinton has done. Thus the public, being largely liberal by instinct, view him as a moral president, however they may view him as a man. To conservatives, on the other hand, moral authority is embodied in the presidency itself. They quite sincerely believe that if we all close our eyes to a lying, philandering president, the republic is going to crumble.

# Angola Call to Duty Is, 'Hey, You!'

By Donald G. McNeil Jr. New York Times Service

LUANDA, Angola - In the office where he is a typist, 24-year-old Paido said, he sits near a front window overlooking the street. If he sees soldiers grabbing young men, he slips out the back. But when he was in high school, he

had no warning.
"I was walking with two girls," he recalled. "And they called me, I was too close to them, so I couldn't run."

'Even though my identification card said I was underage—and that was true
—I was big," he continued, puffing out
his chest. "They insisted I was old enough, and they grabbed me and took me to a police station. It was full of

"They put me in a cell with the other kids while the cops went to get trucks. When they capture you they immediately send you to the provinces for training, far away where you don't know

anyone.

"I was very lucky. A neighbor saw
me being taken and told my mother. My uncle is a policeman, and he talked to the

Nations is on the verge of abandoning its peace observer mission here, the fear of such "press gangs" is once more very real. As fighting spreads and the war in the Congo consumes other troops, the government needs replacements for its

But after 30 years of civil war, volunteers are scarce for the "watersheds of glory" that have sent one-legged men and other wounded veterans back to beg on the streets of Luanda.

Angola does not have a consistent military draft system, but in times of need, the government has demanded that young men register and then called them

Historically, during periods of crisis, though, neither the government nor the rebels have been shy about simply seizg the recruits they needed.

It has not yet come to that in Luanda. A period of draft registration started this week for 18-to-20-year-olds, and lines formed around police stations as the young men lined up to comply. But some stations quickly ran out of registration

Now that the war in this country has cards to be handed out in the district and that 160 had been sold to rich families. At the Maianga center, Silas Ignacio. 18, said he had been there at 7 A.M. to do his duty by signing up, but that he had no taste for the war. Twenty years ago, he said, when men his father's age were fighting alongside Cuban instructors

drive out the South Africans helping the leftist rebels, he would have gone willingly.
"When your country is invaded; you "Rut in this have to defend it," he said. "But in this case, we don't want to make fire on our

All the young men had heard that their foe, the National Union for the Total Independence of Angola, uses child soldiers, Osman Silva, 19, said the rebel group, known worldwide by its Por-inguese acronym, Unita, had forcibly conscripted his sister when she was 17. Asked how he would feel about possibly facing women and children in combat, Simon Lins Manuel, 18, said: "It would make me very sad. I feel bad for these kids, 10, 12 years old, roped in like

None had heard anything enticing about military life. Manuel said his elder guys were loaded on the trucks, my uncle got me out."

The young man, who declined to give his surname, was describing army recruitment, Angolan style.

Leaving crowds of young men milling around aimlessly.

Some were angry. At a center in the Maianga neighborhood, the rumor spread that there were 170 exemption the government."

about mintary inc. Manuel said his elder brother had come back from years of service missing an eye, disabled and mentally unbalanced. "He is in the street now," he said. "He gets no support from the government."

### Unicef Seeks Aid to Protect War's Innocents

By John M. Goshko

UNITED NATIONS, New York -The United Nations Childrens Fund apprograms and to make governments, exploitation.

"The entire picture of war in the force children to become soldiers.
world has changed," Carol Bellamy, the As recently as four years ago, Unicef executive director of Unicef, said as she officials said, the organization was inaugurated the campaign for donations from UN member states. "Children and women are not only the first casualties in situations exist that threaten the lives and armed conflict. They are being delib- welfare of children.

erately targeted and are being forced to take part in these conflicts."

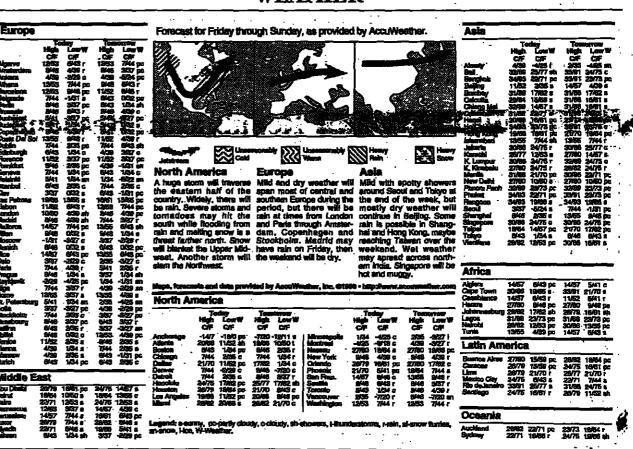
To counter these threats, she said, Unicef is seeking funds to improve its timated 48 million women and children in 20 countries who are endangered by war and other forms of violence and exploitation. who target children and women and who force children to become soldiers.

working in 15 countries gripped by civil war. Now there are 55 countries in which

Today, most armed conflicts are not between states but between opposing groups within a single state, and there is greatly diminished respect for the sanctity of schools, hospitals and other havens that traditionally had been considered off limits.

That is particularly true, the officials said, in Africa, Central America, Afghanistan, some states of the former Soviet Union and in the republics of the former Yugoslavia. At a time when the world has been horrified by the murder in Kosovo of 45 ethnic Albanians, the officials said, hundreds of thousands of children and women in the province are without basic shelter, health services or

#### WEATHER



#### TRAVEL UPDATE

#### ADLER, Heibert on Wedondry, January 6 1999 In Naples, Rocks having taken a ver difficult path with great courage, Herbert wa the only son of Lother and Hies Adler, and descent triend and beloved bushend of Susan Tourist Attacks He was bushead in first marriage to Elin an father of Eric and Marr. The funcial service took place at Mount Lebason Cometer New York on Sanarday, January 10, 1999. Worry Florida

MIAMI (AP) — Two rob-beries that left a Canadian dead and a Latin American in critical condition have caused fears that the Florida tourist attacks of the early 1990s are

making a comeback.
Although officials said the victims' backgrounds had had nothing to do with the recent attacks, the shootings brought back memories of the 1993 murders of three Germans and other killings that panicked

was killed Sunday by a gun-

airport. Lynn Motta of Panama. was shot a day earlier. **Warsaw Airport** 

man who may have followed him from the Fort Lauderdale

## Fogged In Again

traffic at Warsaw Okecie Airport was idled for the second day in a row Wednesday because of heavy fog.

A spokesman said interna tional flights to Okecie, the largest airport in Poland, would be delayed until Thurs-day. Flights to Frankfurt and many European vacationers.

Benoit Lessard of Quebec Zurich took off early Wednesday, but no other depar-

#### Correction

Because of an editing error, a Page One article in editions of Jan. 16 about the merger of two Spanish banks contained several paragraphs of material from a Bloomberg News dispatch that was not properly attributed or credited.

An article in the the editions of Jan. 20 incorrectly identified Louise Arbour. She is the chief prosecutor at the International Criminal Tribunal for the former Yugoslavia.

#### **WEEKEND SKI REPORT**

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ASIA

1201 K. Web Centre, 191 Leve Read, North Point, Hong Kent
Fox: +852 2922 1199, let: +852 2922 1171

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Imprimé par Offprint, 73 rue de l'Évanglie, 750/8 Paris Printed by Newsfar International, London. Registered its a newspaper at the post office.

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INTERNATIONAL HERALD TRIBUNE, THURSDAY, JANUARY 21, 1999

#### THE AMERICAS

# On Social Security, Clinton Rejects Extremes

By Amy Goldstein and George Hager Washington Post Service

WASHINGTON - The path the White House laid out to preserve Social Security for the next half-century would ring about the most fundamental change in the program's history by hinging some of the country's retire ment system on the earning power of the stock market for the first time.

But the proposal President Bill Clinton set forth Tuesday night also reflects a relatively centrist approach, including various elements that appeal to both Democratic and Republican tastes, while rejecting the most extreme ideas that have surfaced lately for improving the well-being of the elderly.

The largest part of the proposal would pour nearly two-thirds of the federal surplus into Social Security over the next 15 years, and invest a portion of that extra

money in the market. While shifting some money into stocks, this approach would satisfy liberals by leaving intact the program's basic character as a safety net that provides a guaranteed monthly. retirement check to all Americans.

The other part of the proposal would create a new type of individual savings program, devoting \$500 billion from the federal surplus to give

most working people seed money to open their own retirement ac-ANALYSIS counts. The government

also would help match people's personal investments as they built up those accounts over time, giving more money to those with low incomes. This approach might satisfy Republican desires to rest more of the nation's retirement system on private savings accounts, though it would not go so far as to privatize the Social Security system

Mr. Clinton's speech went far beyond what the White House had hinted that it might do in charting a course for the future of the nation's biggest and most popular social program. While Mr. Clinton has made clear that he considered a long-term solution to Social Security his main domestic priority this year, his aides for months have said the president was reluctant to put forth his

own plan this early in the debate. Now, politicians and policy analysts alike said Tuesday, the president has framed the terms of an issue that is likely to provoke the year's biggest legislative battle. From the White House vantage point the proposal addresses two-thirds of what Mr. Clinton has frequently called the "three-legged stool" required for retirees to be economically secure: employer-sponsored pensions, individual savings and Social Security.

The proposal Mr. Clinton has laid out is the most recent phase of an effort be

percentage points.

The ABC poll of 584 adults had a margin of error of plus or minus 4.5

percentage points.

The NBC poll of 620 adults had a margin of error of plus or minus 4

to oppose his removal from office, of 454 adults had a margin of error of with 6 out of 10 in the CBS poll saying plus or minus 5 percentage points.

began a year ago to find a way to safeguard the long-term future of Social Security — and to make reform of the largest U.S. entitlement programs, in-

cluding Medicare, a part of his legacy.
In his State of the Union address last year, Mr. Clinton challenged Congress not to spend any of the budget surplus until the government dealt with Social Security, an idea resented by many Republicans who favor using at least a portion of the money for a tax cut. Mr. Clinton then began to try to galvanize public support to restructure the retirement system by convening a series of 'town meetings' and a White House conference last month.

Started in the depths of the Depression in 1935, Social Security is expected to run out of money when the trust fund that pays retirees' checks is depleted in the year 2032. The program is funded through payroll taxes and right now has more money coming in than it pays out to retirees. But that will change once the baby boom generation begins retiring in about a decade. With the shift of \$2.7 trillion from the projected surplus to the trust fund, and the expected higher earnings from the stock market, the White House estimates the program would remain solvent until 2055.

Mr. Clinton said he would like to find ways to make the program last until 2075, but White House officials did not name any of the more painful steps that would

almost certainly be required to do that. In fact, the White House plan would make the basic program more generous and presumably slightly more expensive. In a bid to lessen poverty among widows, it would give them a larger percentage of what their Social Security checks had been while their husbands were alive. The proposal also would eliminate the earnings test, which

#### **Keeping Social Security Solvent**

The government estimates that there will be a \$4,4 trillion federal budget surplus over the next 15 years. The Clinton administration wants to set aside 62 percent to shore up Social Security, by paying down the national debt and investing some money in financial markets.

**ADMINISTRATION** 

SOCIAL SECURITY TRUST FUND ASSETS

\$4 trillion Current projections Baby boomers

00 05 10 15 20 25 30 Source: Social Security Administration

Pay down national .

PLAN FOR THE SURPLUS Domestic spending Invest in financial Finance new and use Savings for Social accounts Security

debt (now at \$5.5 trillion)

pay for Medicare Figures do not add to 100 because of rounding.

## Wide Support Found for Clinton and Speech

WASHINGTON - Polls indicate that almost four out of five Americans who watched President Bill Clinton's State of the Union address approved most of his proposals and agreed with his decision not to mention his impeachment trial

Polls made public Wednesday by the ABC, CBS and NBC television networks showed the public's approval of Mr. Clinton's job performance near his all-time highs while the Senate is hearing evidence on whether he

should be removed from office. His that his actions were not serious job approval rating ranged from 66 enough to warrant removal.

The CBS poll of 930 adults had a

in the NBC poil. The public liked his proposal to apply more than half the budget surplus to saving Social Security.

Three-fourths of those questioned in a CNN/USA Today/Gallinp Poll said the proposals suggested by the president would save the system. The majority of the public continues

margin of extor of plus or minus 4

percentage points.
The CNN/USA Today/Gallup Poll

phases out Social Security benefits beyoud a certain income level for beneficiaries who continue to work. The administration did not specify

how much money the government would give people for their private savings accounts, which would be funded using 11 percent of the budget surplus over the next 15 years. The idea is that the govemment would give a flat sum to every-one who decided to open an account. Then, in an effort to help lower-income people, the program would create a slid-ing scale to match some or all of the personal money that people invested in their accounts. Gene Sperling, Mr. Clin-ton's top economic aide, said that the program would not be available to those with the highest incomes but that most

Even relatively liberal analysts who praised the concept said it had a flaw. <sup>2</sup> My biggest concern is, how do you keep such a program going if the surplus

working families would qualify.

goes away?" sain mannya and public Urban Institute economist and public oes away?" said Marilyn Moon, ar trustee of the Social Security system. Ms. Moon said it was particularly important to find a permanent way to finance the accounts.

The idea of market investments is intended to take advantage of the higher returns that stocks tend to earn compared with the Treasury bonds in which Social Security trust funds traditionally

have been placed. White House officials said that by having the government rather than in-dividuals make the investments, they guarded against concerns that Wall Street is a riskier proposition than Treasury securities. And by investing only a fraction of the surplus, they tried to address fears that massive federal investments could distort the stock market. Yet some critics suggested Tuesday that the government still could end up en-riching certain investors or companies.

## Aiming to Export More, U.S. Proposes Global Trade Talks

By Philip Shenon New York Times Service

WASHINGTON — President Bill Clinton has called for a new round of global trade negotiations this year that would, aides said, help promote the export of U.S. agricultural

In his State of the Union message, Mr. Clinton called for broader trade ties spe-. cifically with Central America and Africa, and said that new international trade talks should seek to "expand export of services, of manufactured goods and, most of all, farm

Aides to the president said that the administration boped to begin the new round of crease sales in foreign markets."

global trade talks in November, when world trade ministers gather in Washington for a meeting of the World Trade Organization.

The talks would be held 13 years after the start of the last major round of global freetrade negotiations, the so-called Uruguay Round, which resulted in overall tariff cuts around the world of more than a third. The WTO was established as a result of the Uru-

guay Round. In a statement offering additional details on the president's proposals, the White House said that the new trade negotiations could 'create important new opportunities for America's world-class farmers and ranchers, manufacturers and service providers to in-

negotiations to promote "a more open and accountable WIO system." The organization, based in Geneva, is often accused by U.S. lawmakers and economists of having infringed on U.S. sovereignty and of having failed to treat the United States fairly in trade disputes.

The president suggested that a trade fight was brewing with Japan over the dramatic growth in Japanese steel exports to the United States, a result of the collapse of the market for steel in much of the rest of Asia in the last

Clinton said. "I have already informed the government of Japan that if that nation's for unemployment insurance and pensions. ्षेत्र प्रदेशी कार्यक्षा स्टिप्टेंग । कार्यक्षा ६ पुरुष्टी व प्रदेशी

The president, it said, also hoped to use the sudden surge of steel import is not reversed, America will respond.'

While the president's speech dealt primarily with domestic-policy issues, it also called for new U.S. initiatives to end labor abuses over-

seas, especially when they involve children.
"We will work with the International Labor Organization on a new initiative to lift up labor standards around the world and we will lead the international community to conclude a treaty to ban abusive child labor everywhere

in the world," the president said.

Aides said the White House planned to "We must enforce our trade laws when imports unlawfully flood our nation," Mr. grams in developing nations to help them establish a code of labor rights and programs

#### **Away From Politics**

 Three people who pelted the mayor of San Francisco. Willie Brown, in the face with pies have been convicted of battery, which carries a six-month jail term. The three were acquitted of assault on a public official, which is punishable by a year in jail. Sentencing was set for Feb. 24. Mr. Brown was hit with cherry, pumpkin and tofu pies while he was giving a speech in November. The assailants said they were protesting the mayor's policies on the

 A female soldier infected with the AIDS virus will spend three years in a military prison for having unsafe sex with nine men, the army said. Private Gerland Squires, 21, who was stationed at the Aberdeen Proving Ground in Maryland, pleaded guilty to charges of aggravated assault and disobeying a superior officer who had told her to inform sexual partners of her medical condition and insist that they use a condom. (Reuters)

#### Republicans Urged to Quit 'Racist' Conservative Council

WASHINGTON - The Republican National Committee chairman, Im Nicholson, has called on Republicans who are members of the Council of Conservative Citizens to resign from the group, which was founded by leaders of the segregationist White Citizens Council.

"It appears this group does hold racist views," Mr. Nicholson said in a statement. "The Republican Party rejects and condemns such views forcefully and without

hesitation or equivocation. The party chairman made a specific appeal to a South Carolina national committeeman, Buddy Witherspoon, to leave the council.

Mr. Witherspoon said in a phone interview Tuesday that he "would not resign until I have the opportunity to talk with them," referring to his fellow council mem-

South Carolina Republican, State Representative Charles Sharpe, is a member of the council.

#### Minnesota Aide Off the Hook

ST. PAUL, Minnesota — Governor Jesse Ventura's choice to head the state's Department of Natural Resources has resigned amid a furor over his having been ticketed for fish-and-game violations.

In a state where many are passionate about the environment and wilderness pursuits, Alan Homer stepped down after two top department officials resigned to protest his appointment.

Mr. Venture accepted the resignation but said he and the area of the second to the resignation but said he area of the second to the resignation but said he area of the second to the se

Mr. Ventura accepted the resignation but said he did

not ask for it. The day after Mr. Horner's appointment, a tip led reporters to records that showed he had two tickets and a warning for fish-and-game violations since 1988. One ticket was for fishing without a license, the other for an unlicensed ice fishing house. The warning was for hunting grouse without a license, which Mr. Horner had left in

#### Tobacco Companies Targeted

WASHINGTON — A lawsuit being prepared by the Justice Department against cigarette companies could seek damages in the hundreds of billions of dollars, senior

Seek damages in the hundreds of billions of dollars, senior Clinton administration officials said Wednesday.

News of the pending lawsuit sent shock waves through tobacco companies, which two months ago reached a settlement to pay 46 states \$206 billion and submit to advertising and marketing restrictions.

President Bill Clinton announced plans for the lawsuit in his State of the Union speech on Tuesday night, saying that smoking had cost taxpayers hundreds of billions of dollars as sick smokers sought treatment under Medicare dollars as sick smokers sought treatment under Medicare

and other federal programs.

Administration officials, speaking on condition of anonymity, said that the Justice Department had formed a task force of lawyers to prepare the suit. The officials would not say when it would be filed against the tobacco

#### Quote/Unquote

Donglas Brinkley, a presidential scholar at the University of New Orleans, on President Bill Clinton's State of the Union address: "This is a stage performance of Clinton at his best. We watch in wonderment this flawed, Clinton at his best. We watch in wonderment this flawed, Clinton at his best. We watch in wonderment this flawed, Clinton at his best. We watch in wonderment this flawed, Clinton at his best. We watch in wonderment this flawed, Clinton at his best. We watch in wonderment this flawed, Clinton's process.

## Republicans Respond With Tax-Cut Agenda

By Alison Mitchell and Katharine Q. Seelye New York Times Service

WASHINGTON — Republicans seeking to dispel the image of a Congress consumed by impeachment have put forward an agenda that calls for a 10 percent across-the-board cut in income-tax rates and pledges to engage President Bill Clinton

on assuring the long-term solvency of Social Security. The Republican proposal for a sweeping income tax reduction was made by Senate Republicans at a news conference Tuesday and amplified by Representative Jennifer Dunn, Republican of Washington, in the party's televised response to

the State of the Union.

The House and Senate coordination on tax cuts showed a new unity on the part of Republicans in the two chambers, who feuded bitterly over tax reduction last year. The proposal sets up a sharp ideological collision between Republican taxcutting objectives and Mr. Chinton's call to allocate budget surphises over the next 15 years to Social Security, Medicare and increased domestic and military spending.

"Americans should not have to wait 15 years for a tax cut," said Senator William Roth, Republican of Delaware, after Senate Republicans introduced the tax-cut plan as one of the first five bills of the year.

Leading Republicans in the House and Senate on Tuesday also immediately criticized Mr. Clinton's call for the federal government to invest some of the retirement benefits in the stock market. They prefer giving Americans private accounts

"If you thought a government takeover of health care was bad," said Representative Bill Archer of Texas, chairman of the House Ways and Means Committee, "just wait until the government becomes an owner of America's private-sector

By putting forward Ms. Dunn and Representative Steve

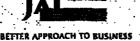
Largent of Oklahoma to deliver the Republican response to the president, they also tried to give a fresher and more diverse look to congressional Republicans, who had so long seemed to be defined by just one person, Newt Gingrich of Georgia.

Ms. Dunn called for an array of tax cuts to satisfy every Republican constituency, beginning with the 10 percent reduction in tax rates. "That is the down payment on a simpler, fairer flatter tax system." she said. fairer, flatter tax system," she said.

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#### ASIA/PACIFIC

## Philippines Is Stymied In Dispute With China

Manila, Claiming It Owns a Nearby Reef, Has Few Friends and Even Fewer Options

By Michael Richardson

SINGAPORE — When the Philippines takes the unusual step of convening its National Security Council on Thursday to discuss tension with China over conflicting claims to ownership of Mischief Reef close to Philippine territory, it will have to acknowledge that its military and diplomatic options are

President Joseph Estrada says that Manila is considering another protest over China's tightening grip on the reef, about 300 kilometers (185 miles) off the

This is well within the Philippines' 200-mile exclusive

есопотіс defined by the United Nations Convention on **ANALYSIS** the Law of the Sea. It is Isome 1,300 kilometers from China's Hainan Island, the nearest uncontested Chinese territory.

In advance of the council meeting — its first since November 1995 — the Philippine defense secretary, Orlando Mercado, conceded that the poorly equipped Philippine armed forces, especially the navy and air force, could do little to counter any Chinese armed presence on or near the reef, a part of the disputed Spratly Islands in the South

Moreover, a recent Philippine attempt to involve other claimants - including fellow members of the Association of South East Asian Nations and the United States in a new initiative to resolve the dispute — has fallen flat because they do not want to provoke

"The Chinese skillfully timed their expansion when ASEAN is preoccupied by the Asian financial crisis and the Clinton administration is distracted by impeachment," said Douglas Paal, president of the Asia Pacific Policy Center in Washington.

lack of support has disappointed armed Manula, where officials in-5 . that the issue should be of international concern because it involves the use of force, or threat of force, by the region's emerging big power, China, which claims control not just of the Spratlys but virtually all of the South

If Beijing's claim was conceded or enforced, it would become a next-door neighbor to just about every Southeast Asian country. China would also take over rich offshore oil and gas fields and fisheries and be in a strong position to control vital sea-lanes.

"We have a mutual defense treaty with the United States," Mr. Mercado said recently. "It is in the interest not only of the U.S., but also of Japan, South Korea and all other countries that this particular area be kept free as a sea-lane from the dominant control of one

He said that China had been employing "a talk and take strategy" in its dealings with the other Spratly Island claimants. They include Vietnam, Malaysia, Taiwan and Brunei, as well as the Philippines.
Mr. Mercado said that Manila ex-

pected the Chinese to complete the per-manent structures they have been building on Mischief Reef, which they first occupied in 1995, by the end of the month. Beijing says the structures are shelters for Chinese fishermen, but Manila says they appear more like a fortress and could be used as a naval base.

Ralph Cossa, executive director of the Pacific Forum CSIS foreign policy research institute in Hawaii, said that he had seen recent photographs of the Chinese buildup on the reef.

"A series of concrete structures have been built, complete with military com-munications facilities, and guarded by Chinese naval ships and anti-aircraft artillery," he said. "The facilities rep-resent a clear, unambiguous change in the previously agreed status quo.

Yet when Mr. Mercado called recently for a meeting of Spratly Island claimant countries and the United States to help resolve the dispute, Malaysia and Vietnam — both members of ASEAN, along with the Philippines objected to the proposal, saying the mat-ter should be settled by the claimants

The United States, too, seemed eager not to get involved. "We have not taken a position on the sovereignty of the Spratlys," said the Pentagon spokes-man, Ken Bacon. "This is an important issue, but it's an issue we believe will be, and should be, resolved peace-

China rejected the Philippine proposal for an international forum on the Spratlys that would include the United

A spokesman for the Chinese Foreign Ministry, Sun Yuxi, said that "external interference in this matter is unacceptable and will only complicate the cur-rent situation." He added that China had "indisputable" sovereignty over the Spratlys and adjacent islands.



FATAL FLOTILLA - Naval frogmen searching a river at Lumban, 100 kilometers southeast of Manila, on Wednesday after a pagoda being ferried got tangled in electric wires, causing the deaths of at least 13 of the 200 people in the floating procession.

## Anti-U.S. Plot in India Is Foiled

Militant Islamist Intended to Bomb 2 Consulates, Police Say

detector tests and was able to

he came to India in October.

Mr. Nasir said he first hooked

up with the International Islamic

group that eventually led him in-

ary 1994, he was sent to Labore,

bers of the relief group told him

that some of the group's relief

funds were being diverted to sup-

port 40 to 50 terrorist training

camps in Afghanistan and

It was in Pakistan that mem-

Pakistan, as a field officer.

University in Dhaka.

the police:

By Celia W. Dugger New York Times Service

NEW DELHI - The police here say they have foiled a plot to bomb American consulates in Madras and Calcutta with the arrest of a Bangladeshi man who has confessed to being a Pakistani intelligence agent working with an Islamic fundamentalist group that sponsors terrorist acts

Officials from the U.S. Embassy interviewed the man, Sayed Abu Nasir, 27, during his 11-day interrogation by New Delhi police officers and Indian intelligence authorities. A team of American counter-terrorism experts arrived here Tuesday to further investigate the case, a spokeswoman for the U.S. Embassy said.

"Obviously, we're working with the police, and we take it very seriously," said the spokeswoman, Donna Roginski. "How credible it is — that's all being looked at."

The police arrested Mr. Nasir on Jan. 7 at the New Delhi railroad station and charged him with waging war on India, an offense punishable by life in prison or death. He was carrying more than 4 pounds of RDX, an lief Organization wound up hirexplosive, and five detonators. ing him and in 1992, he was He is now in the custody of the courts and will soon be trans-

His confederates, four men from Egypt, two from the Sudan and one from Burma, are still at

One of the Egyptians, identified in the police press release as Mustafa, is wanted in connection with an explosion that took place at an American consulate in Thailand several years ago, author-ities in New Delhi said. The police say they do not know who was backing the six other men.

and West Bengal last October on camps.

While Mr. Nasir was at the equently traveled to Madras and camp in Afghanistan, he met Calcutta to survey the American Osama bin Laden.

consulates for possible openings He was also picked out by Brigadier Malik of Pakistan's for an attack, the police said. Kamal Singh, a deputy com-Inter-Services Intelligence agency to become a Pakistani inmissioner of police, said that Mr. Nasir originally tried to bluff the telligence agent and was given police with lies, but eventually further training in intelligence broke down when they caught gathering and counter espionage, Mr. Nasir told the police. In 1996, he was sent through him at it and then gave his interrogators many details. He added that the suspect passed lie-Nepal to Siliguri, a city in the Indian state of West Bengal, to

identify photographs of terrorists arrested by the Indian police. develop contacts and gather information on Indian army establishments there. The police said they were also able to confirm the places that He was subsequently recalled Mr. Nasir stayed and people he

to Pakistan, then sent to Calmet in Calcutta and Madras after

In 1998, Mr. Nasir said, his According to Mr. Singh, this is Pakistani intelligence handler, the account that Mr. Nasir gave Brigadier Malik, got in touch with him and told him to go to the account that Mr. Nasir gave Dhaka for a meeting. Two of the men who would later be his ac-Relief Organization, a charitable complices in India came for him and took him to that meeting in to terrorism, in Dhaka in 1991 mid-September.

after he graduated with a B.A. The meeting was attended by degree in English from Chatgoan Azam Cheema, a leader of the terrorist group Lashkher-e-Toiba, and Sheikh Al Gamdin, president of the International Islamic Relief Organization, Asia, posted to Thailand. Then in Janu- among others.

A few weeks later, Mr. Nasir and the six other men were sent across the Bangladeshi border into West Bengal on a mission to blow up the American consulates in Calcutta and Madras. Mr. Nasir said he did not know why those particular targets were chosen. The men spent a month in Cal-Pakistani-occupied parts of The men spent a month in Cal-Kashmir. Mr. Nasir's job was to cutta and then went on to

visit the camps, assess how much Madras. money they needed and report back to headquarters. While the other six men stayed in Madras, Mr. Nasir came to Some time later, the director of Delhi to set off some explosions the International Islamic Relief in public places and was arrested Organization for Asia, Sheikh after be received his consignment Ahmed Al Gamdin, asked him to of explosives at the railroad staundergo training at one of the tion.

## Religious Clashes Erupt in Indonesia

JAKARTA — At least 17 people were killed when Christians and Muslims clashed on a remote Indonesian island during one of the holiest feasts on the Islamic calendar, the police said

The police repeatedly fired warning shots to keep rival gangs, carrying machetes, spears, and crow bars, apart on Ambon Island, about 2,300 kilometers (1,440 uniles) northeast of Jakarta.

The mobs were enraged by reports that mosques and churches had been set on fire. The local police chief, Col-

onel Karyono S.M., said six houses of worship had been burned and that dozens of vehicles were damaged during Eid al Fitr. The two-day holiday marks the end of Islam's Ramadan fasting month and is supposed to be a time of peace and reconciliation.

The official Antara news agency said at least 100 people had been badly injured and more than 30 houses burned. Residents said they

day night when Christians villages. The violence late spread to Ambon city and of er nearby villages.

Sporadic fighting contin-

ued Wednesday night after 700 riot police and troops were deployed. The island's airport was shut down except for military flights that brought in reinforcements

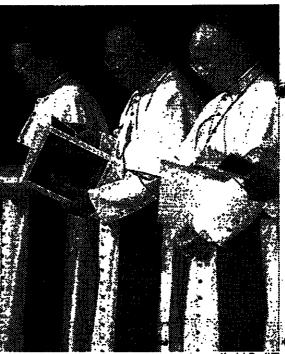
from other islands. "The simation is relative calm now," Colonel Karyono said. "But we are still worned that trouble could start again.'

The violence was the latest in a series of religious-related clashes to hit the sprawling Southeast Asian nation as it grapples with its worst economic crisis in three decades. Governor Saleh Lanuconsina of Maluku province

called for calm at emergency talks with local Islamic and Christian leaders. "If this is allowed to contippe a more serious disaster

could take place," he said. In a separate riot in Cirebon, about 200 kilometers east of could see several columns of Jakarta gangs fought each othsmoke rising over the main er and threw rocks at police city, also named Ambon. Tuesday and Wednesday.

#### BRIEFLY



RENEWING THE FAITH - Archbishop Gian Vicenzo Moreni, papal muncio, left; Cardinal Jaime Sin of Manila and Cardinal Jose Sanchez, another papal envoy, opening a church conference Wednesday in the Philippines on social issues.

#### New Charges by Pyongyang

GENEVA - A North Korean negotiator suggested Wednesday that the alleged kidnapping of one of his country's diplomats could block any progress at the Geneva talks on a peace pact for the Korean Peninsula.

Li Gun, deputy chief of Pyongyang's team at the talks, said the incident showed that the United States and South Korea, which are taking part in the talks with the North and China, "are not willing to work with us for peace."

Pyongyang has accused the South of blackmailing and kidnapping the envoy, a 54-year-old economic official in North Korea's mission in Berlin, and his wife, and handing them over to the United States.

Seoul has rejected the accusation as "an absurd slander," and South Korean newspapers have quoted official sources as saying the diplomat, Kim Kyong Pil, had defected and was seeking political asylum in Wash-

#### Protester Sets Himself Afire

BOMBAY - A Hindu militant set himself on fire in southern India on Wednesday to protest a planned series of Pakistani-India cricket matches after a gap of more than a decade, a domestic news agency said.

The protester set himself on fire in Madras, the venue of the first cricket test match beginning Jan. 28, and was hospitalized with serious burns, Press Trust of India

The agency did not identify the man but said he belonged to a Hindu militant group, Hindu Munnani, that is active in Tamil Nadu state. The Pakistani cricket team is scheduled to arrive in New Delhi on Friday. (AP)

#### Taiwan Kepatriates Hijackers

BEUING — Taiwan has decided to repatriate nine hijackers back to the Chinese mainland, official news agencies in Taiwan and China said Wednesday.

China welcomed the decision and urged Taiwanese authorities to send back all other Chinese hijackers as soon as possible, China's state-run Xinhua press agency said. Topping China's wish list was Yuan Bin, an Air China pilot who faces trial in Taiwan for diverting a jet to the island on Oct. 28.

The issue of repatriating hijackers is a sore point for China, which sees Taiwan as a renegade province and demands that hijackers be returned. Taiwan has usually tried them in its courts.

#### Rights in China Slip, U.S. Says

WASHINGTON - The Clinton administration told Congress on Wednesday that human rights conditions were worse in China than before President Bill Clinton's visit there last summer.

At the same time, the State Department's chief human rights official said Wednesday, China has shown modest improvements in other areas, such as acting against weapons proliferation.

'For someone who cares deeply about human rights, recent developments in China have been; frankly, deeply discouraging," Assistant Secretary of State Harold Hongju Koh told the House International Relations Com-

Committee lawmakers from both parties denomiced administration policy toward China as too lenient (AP)

#### CHINA: 2-Year Prison Term in E-Mail Case

Continued from Page 1

had tighter control of the spread of information. It may also reflect a decision by the authorities to make an example of someone seen to be helping a publication like VIP Reference, if only indirectly.

Mr. Lin's two-year sentence is relatively light for a charge of political subversion in China. In a recent crackdown on efforts to set up a democratic party, three leading dissidents were sentenced to 11 to 13 years in prison.

In a country where official media offer dull versions of the news, some Chinese on-line services provide flashy news accounts that do not go through the same official censors as do newspapers, television and radio.

By Suzy Menkes International Herald Tribune

day — the closing day of the

spring-summer high fashion

worn by the pouting model-

turned actress Lactitia Casta,

changed the expected reverential ovation into a merry

romp. Saint Laurent kissed all

his models and lingered on

the runway as though he had

shaken off his poetic angst

and was having a good time.

sober mannish jacket contained a bosom-full of sheer

fluttering through the belt

"Showboat" with jaunty

When Naomi Campbell

straw boaters and a parade

dominated by black models.

loops of pleat-front pants.

The wedding outfit sum-

ARIS — Yves Saint

Laurent showed his

colors in a playful col-

lection on Wednes-

The ring of pink roses on a not stretch to using new-gen-

barely-there bridal bikini, eration fabrics, relying in-

med up the saucy spirit of a variations, and silk crepe or collection in which every gauzy chiffons in succulent

Although the Chinese authorities would clearly like to maintain their once-firm control over access to information, they are steadily becoming overwhelmed by the growth in communication — by phone, fax and now, by Internet — that has come with efforts

The Xinhua news agency reported Wednesday that a recent survey of people aged 14 to 28 had found an overwhelming hunger for access to the Internet. But 69 percent of those surveyed said they had no way to get on-line.

Only 3.4 percent of the young people said they surf the Internet regularly. At the same time, only 7 percent said they had no interest in the Internet and 6

to modernize the Chinese economy.

percent said they had not heard of it.

ferred to the police in West Bengal for further questioning. large, the police said.

All seven men crossed the porous border between Bangladesh





Balmain's embroidered caftan by de la Renta; Saint Laurent with rose-strewn bride.

But who's to argue with a chiffon, with the same fabric master who could teach every other designer in Paris how to ops of pleat-front pants. handle color — and how to enrich black? The palette inas figuratively, was Saint cluded luscious mixes of ce-Laurent's new fragrance, ladon green with iridescent Vice Versa. The designer old rose; bold strokes of who invented the man/wom- purple, peony pink or peaan thing a generation ago. cock blue. On the whisper-

suits came cropped as shorts or a couple of floary dresses spelled "matron" did the

Invention turned into con-

vention a decade ago at Saint

Laurent, so the show con-

tained no fashion revelations.

It still seems frustrating that

such a sensitive designer can-

stead on the weighty suiting materials that make jackets

that are already wide-cut look

have been listed in advance:

satin as thick as double cream

for dresses flowing across the

body; sturdy grain de poudre for the tuxedo in its infinite

The other key fabrics could

show lose its perkiness.

quiet side were black lace played on gender, con brio. Jazz classics on the velvetwith navy chiffon and a whiff voiced sound track echoed of cigar brown. the way that Saint Laurent With few embroideries, had jazzed up his eternal decoration came as jeweled hand-pieces or simple white themes. The familiar pantsuits were given a touch of gardenias.

The show lacked the moment of epiphany that comes when you feel that Saint Laurent has struggled to reveal first appeared with a black his fashion soul. But it was lace brassiere-bow partnering refreshing to see smiling modher pantsuit, the message was els and the going-to-church atclear. Only when the pant- mosphere lightened up.

lighted than Alber Elbaz, 37, who will make his debut as Saint Laurent ready-to-wear designer in March. Before the show, when his curly hair peeped between the cropped heads of Zizi Jeanmaire and Ines de la Fressange, Elbaz I feel happy, so I hope it's

going to be a happy collec-tion," he said.

Another dauphin was front row at Balmain, where incoming ready-to-wear de-signer Gilles Dufour watched the haute couture collection by social hero Oscar de la

"I loved the Indian feeling with the paisley embroideries on pale colors," said Dufour, referring to a recurring theme in the show. Those paisley patterns ap-

peared on anything from a caftan (a familiar de la Renta signature) through an upwith-the-bosoms Empress Josephine gown, and even on the wedding dress. OW smart of de la

Renta! He must have been looking at the embroidered pashmina shawls worn, almost to a woman, by his impressive front row — by far the longest client lineup of the

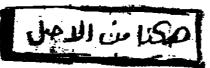
> If you want paisley — there it was, even on the purses. You prefer something to set off the shawl you already own? Then there were plenty of cream jackets and pants, faintly ethnic in style and texture, but in luxe fabrics.

Since the Balmain show wanted - give or take a big or's collars or Gaultier's bias had no real focus, there was faille ball skirt and sports top cuts). The surprising number yet more to choose from: con-revealing a bare midriff. That of pants (except at Lacroix) ventional cocktail dresses or has been doing the rounds on reflects uncertainty about full skirts with open work emrecent. New York runways, skirt shapes and lengths. broidery. They had a haute but has yet to find a taker in rustic charm, as the models the real upscale world. walked through the box The trends for the springhedges and past stone statues summer season were for inof an imaginary formal creased volume in feather-

arden. weight fabrics and for a return
The show was nicely workof color, mostly dusty pastels. ed and utterly predictable. Tailoring has moved away
The clothes will land up in the
closets of clients who will Valentino) with jackets either bless de la Renta for giving cardigan soft (at Chanel and them exactly what they Ungaro), or draped (as in Di-rate couture.

The season was notable for exchanging the grand, theatrical gesture for the intimate nresentation and for showcasing exquisite couture work-

The question is whether this new discretion can be squared with the need for a bold image to burnish the brands of increasingly corpo-



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By Joseph Fitchett onal Herald Tribune

PARIS - NATO steeled itself Wednesday for possible military action against Serbia as the United States and Europe faced open defiance over Kosovo from the Serbian leader, Slobodan Milosevic.

"No flexibility in Belgrade" was the gist of a report from General Wesley Clark, the commander of allied forces in Europe, after his talks there with Mr. Milosevic the previous day. Several hours of blunt, forceful discussion yielded "lintle willingness to cooperate" with the international community on Mr. Milosevic's part, NATO officials said.

General Clark reportedly was equally tough in the Belgrade meeting, warning that punitive NATO attacks on military targets in Serbia would be unavoidable if Mr. Milosevic refused to budge on demands for an international investigation into the death of 45 ethnic Albanians near Racak and a

pullback in Serbian forces in Kosovo.
U.S. Defense Secretary William Cohen said in Washington that the alliance should be ready to wage an air campaign that seriously curtailed Serbia's ability to use military force in Kosovo, where

Mr. Netanyahu told Israel Radio. "It's

an attempt to spread clouds of false

He did not specifically accuse Mr.

Barak or the Labor Party, which is mounting a stiff challenge for the prime

ministership in elections scheduled for

In both break-ins, the burglars ap-parently targeted files, computer disks

and other materials related to Mr.

Barak's campaign. In the second burg-

lary, they took a two-page ontline of Mr. Barak's strategic options, aides said.

Nonetheless, Mr. Barak and his ad-

visers dismissed the idea the theft could

do them damage, even if the stolen

Mr. Barak told Israel Radio he didn't

think a "failing government" could make use of the papers. "Someone is in a serious panic if he is willing to pay so

much money so that people will carry

The blatant nature of the break-ins at

Mr. Greenberg's office — in neither

case did the burglars make the slightest

effort to conceal their crime - gave rise

to a bizarre guessing game.

Mr. Netanyahu's aides did their best

to paint their side as the victim. Why

else would the perpetrators have thieved

so blatantly, if not to falsely implicate

campaign is to paint Netanyahu as a liar and as an underhanded, devious quasi-

"The main purpose here of the Barak

Mr. Barak's aides, responding along

the same lines, said the burglaries not

only succeeded in gathering confiden-

tial information, but also enabled Mr.

Netanyahu to portray himself as the

"They've diverted the campaign," said one advisor to Mr. Barak. "The

agenda is now about these burglaries

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victim of campaign treachery.

the prime minister, they asked.

criminal," they said.

rather than the issues.'

out criminal break-ins," he said.

materials fell into the hands of Likud.

accusations against the Likud.'

May 17.

Western governments are demanding self-government for the ethnic Albanian majority.

In a further indication of rising urgency in Washington, Secretary of State Madeleine Al-bright will visit London and Paris late next week for talks on Yugoslavia and Iraq on her way home from Russia and the Middle East.

"NATO credibility remains on the line," Mr. Cohen said at a news conference where he reiterated U.S. backing for "a phased campaign designed to reduce the ability of Milosevic's forces to threaten those in the region itself."

His comments went further than those of European officials in suggesting that NATO might be close to ordering air strikes that were canceled last October after concessions from Mr. Milosevic. Britain and the Netherlands ordered additional

fighter-bombers to NATO bases in Italy, and NATO officials announced unspecified "precau-tionary measures," apparently including reinforce-ments for the French-led extraction force that would evacuate the 700 civilian truce monitors operating in Kosovo under the auspices of the Organization

for Security and Cooperation in Europe.

A NATO official said General Clark had

traveled to Belgrade with this message to Mr. Milosevic: "You are leaving the West with only a been shot while fleeing, the reports said. few options, all of them involving force."

General Clark is said to have warned that Serbia's air defenses and other military infrastructure would be vulnerable to missile attack and that Serbian troops in Kosovo would be in danger from allied aircraft. Deprived of mobility, Serbian troops could not continue the repression that U.S. officials cite as the root cause of the mounting violence in Kosovo, including the recent bloodbath near Racak.

The discovery of the bodies of 45 ethnic Al-

banian males was initially labeled a Serbian war-crime by William Walker, the head of the tracemonitoring force, and U.S. officials stuck to that accusation Wednesday after French journalists, from the newspapers Le Monde and Le Figuro, visited the scene and raised questions about the circumstances of the deaths.

U.S. officials, citing reports from observers, said the bodies had been found grouped in several wooded locations outside the village, a version consistent with video footage suggesting that the local men had fled as Serbian forces approached the village, only to be gunned down by Serbian police

The French journalists suggested that the men might have been killed in a gun battle and the bodies then arranged by Kosovo guerrillas to suggest an arrocity. But their reports ended on the same note as those of U.S. officials: If Serbian leaders were in any doubt about where responsibility lay for the deaths, why had Belgrade barred international forensic experts who could have established the facts?

Refusing to admit investigators from the United Nations war crimes tribunal, Mr. Milosevic re-portedly reiterated to General Clark that no pressure from outside could make him change his view that Scrbia was within its rights in fighting Kosovo Liberation Army guerrillas.

The guerrillas' goal — Kosovo's independence from Serbia, which makes up the bulk of Yugoslavia — has garnered no international support and thus NATO wants to avoid "becoming the air force" for the separatist guerrillas, Mr. Cohen said Wednesday. U.S. officials insisted that Serbian concessions could lead to a political accord giving effective self-government to the ethnic Albanians while leaving Kosovo part of Serbia.

the stock market), while creating new

individual savings accounts, marked what could be his last-gasp effort to

build a legacy to offset the stigma of

impeachment that will haunt his pres-

On Tuesday night, Mr. Clinton's

audience was not the men and women of

the House who voted to impeach him

and those from the Senate who will

decide whether to remove him from

office. Instead, his audience was the

public that has sustained him

throughout the last year, and his un-

derlying message to them was that the

good times they are enjoying will continue — provided he stays in office.

As Paul Light of the Brookings Institution put it, Mr. Clinton was trying to tell the American people, "We're not going to rock the boat. We're going to

Mr. Light was among those not per-suaded by the White House's assertion

that Mr. Clinton's agenda represented

something dramatically ambitious. Compared to past presidents, particularly Democrats, he said, Mr. Clinton's

agenda was the least ambitious in de-

cades. That, however, is more a re-

flection of the times in which the voters

prefer incremental changes and small

adjustments to the status quo to grand designs. Mr. Clinton offered those in

get you to the millennium."

## UN to Let Iraq Buy Energy

By Barbara Crossette New York Times Service

UNITED NATIONS, New York - The United Nations is releasing more than \$81 million to lraq to buy equipment to increase its supply of electrical power and to upgrade old oil pumping equipment, the direc-tor of the relief program for Iraq Uster's Ba

said Wednesday.

The bulk of the electrical generation purchases, \$74.9 million in gas turbines, will come from China, said Benon Sevan, director of nonweapons projects for Iraq. Last year Iraq bought \$70 million in electrical equipment from a Russian

Company.
Under a separate program, the Security Council sanctions committee approved \$6.5 million worth of contracts for oil-industry spare parts to upgrade old pumping equipment, officials said.

Last week President Bill Clinton announced that the United States would speed up approval of contracts for spare parts for the oil industry so that Iraq would be able to buy more food, medicine and other goods for a civilian population that has lived under tight trade sanctions since 1990.

Washington, under pressure in the Security Council, has opposed calls from France, Russia and others for a complete lifting of the embargo on Iraqi oil sales so that Baghdad would be free to buy what it needs, although with internation-

al supervision.
Iraq, which suffers frequent power shortages as power plants fail and electrical demand rises, had applied to buy the necessary electrical generation equipment last year, when the "oil for food" program was expanded to allow lraq to begin rebuilding its public ser-

Sanctions and a more limited oil sales program had earlier prevented the fracis from replacing old equip-

But Iraq has had difficulties in recent months raising enough money through permitted oil sales because the price of oil has plummeted Money earned on oil sales goes into a UN-supervised escrow account.

Under the expanded oil sales program, even with prices low, Iraq has been able to buy other equipment to repair its telephone system and place computers in schools.

But the Iraqis have not yet used \$17 million set aside last year for fortified biscuits and milk for malnourished children and mothers, Mr. Sevan said in his announcement. And medicines worth millions of dollars remain stored in warehouses.

In a news release last week, Iraq did not deny that it was stockpiling crucial medicines, but said the United States was holding up contracts for purchases, which are subject to approval by the Iraq sanc-tions committee of the Security

In its statement, Iraq also repeated its accusations, for which no evidence has yet materialized, that

ministration took another step toward more active support to Iraqi opposition groups. In a report to Congress, the White House desig-Among the groups is the Iran-

#### **BELGRADE:** A Familiar Story

Continued from Page 1

"Enhanced autonomy within Serbia. which Milosevic doesn't want to concede, is a nonstarter now for the Kosovars," a senior Western official said. "Enhanced autonomy Yugoslavia, on a similar basis with Serbia itself and Montenegro, is probably

want Kosovo to have.

But NATO and the threat to bomb

### Israeli Rivals **Trade Taunts Over Burglary** At U.S. Office By Lee Hockstader JERUSALEM - Prime Minister Benjamin Netanyahu suggested Wednesday that a second burglary in less than a week of the Washington pollster used by his main political rival was a provocation intended to implicate unjustly his conservative Likud Party. The burglaries at the Capitol Hill office of Stanley Greenberg, a polister for the Israeli Labor Party leader, Ehud Barak, are a "theater of the absurd,"

The Clintons leaving the White House to visit New York state Wednesday.

## CLINTON: Perjury Charges Lack 'Specificity,' Senate Is Told

#### Continued from Page 1

convict Mr. Clinton and remove him and obstruction of justice in attempting to conceal his relationship with Monica

Mr. Clinton, after delivering a State of the Union message on Tuesday that resonated well with the public, according to opinion polls, left Washington on Wednesday to visit Buffalo, New York. There, he carried to the public his arguments for initiatives on education, Social Security and other matters.

The presentation by Mr. Craig was frequently more lively but sometimes more legalistic than the opening comments Tuesday by Charles Ruff, the White House counsel, whose grave de-meanor and methodical defense won praise from senators on both sides of the aisle. Mr. Ruff had called the charges against Mr. Clinton "a witches' brew"

Mr. Craig continued a theme sounded by Mr. Ruff, saying that the House prosecutors had frequently placed sinister-sounding explanations on innocent language or actions to misrepresent or contort their sense. He implored senators to keep an open mind and to examine the evidence themselves.

The president's testimony before the grand jury, Mr. Craig said, "meant, and the whole world knew that it meant, that the president of the United States had

will conclude that what the president did and said in the grand jury was not unlawful and that you must not remove him from office.

He strongly attacked the language of the impeachment articles, saying that while the constitution gives the House the "sole power" of impeachment, the House had, in effect, "ceded its authority to the managers, who are not authorized to exercise that authority."

The imprecision of the articles, Mr. Craig continued, "gave enormous dis-cretion, power and authority to the floor managers and their lawyers to decide what precisely the president was going to be charged with."

"They didn't have that authority un-der the constitution," he said. "They have been allowed to pick and choose what allegations will be leveled against the president of the United States.

He accused the managers of trying to bring into the Senate deliberations ac-cusations about Mr. Clinton's denials of a sexual relationship when he was de-posed by the Paula Jones lawyers a year ago. Mr. Craig noted that the House had rejected a proposed article of impeachment citing the Jones deposition and added that there were "very many good reasons" for it to do that.

The confusion of Mr. Clinton's testi-

engaged in some form of sexual activity or sexual contact with Ms. Lewinsky."

"You will see that the president was truthful," he said. "We believe that you will conclude that what the president did prosecutorial practice."

"Tour of sexual activity mony in the Jones case and before the grand jury, said Mr. Craig, was "unfair to the president." He said House management agent was engaging in a "dubious, prosecutorial practice." upon by most courts."

Mr. Craig also offered a disarming apology to the Senate, the House and to the public for what many have said has been legalistic hair-splitting by the White House. "We do the president no earthly good if in the course of defending him, we offend both the judges, the jurors and the American public," said. Mr. Craig added, however, that "allegations of legal crimes invite, indeed they cry out for, legal defenses."

Article I accuses the president of perjury before a grand jury. Mr. Clinton admitted before the Kenneth Starr grand jury on Aug. 17 that he had had an improper intimate relationship" with Ms. Lewinsky, something he had denied in his deposition in the Jones sexual harassment case. He insisted that they did not have "sexual relations" because there was no intercourse.

On Tuesday, Mr. Ruff opened the president's defense in a methodical but sometimes biting presentation that senators of both parties later praised as

tough and effective.

"Ruff blew a hole as big as a bara door in the prosecution's case," said Senator Thomas Harkin of Iowa, a Democrat who has strongly defended Mr. Clinton against the case for impeachment. Senator James Jeffords, Republican

of Vermont, called Mr. Ruff's present-ation "excellent," adding, "It raised some serious questions about some of the evidence. Representative Charles Canady, a

Florida Republican who is one of the House managers, said of Mr. Ruff's presentation: "He's done the best job with what is an inherently weak case." Mr. Ruff sought to destroy parts of

the factual edifice the House prosecutors have attempted to build, and to argue that even if all the facts were proved, it would not justify the first removal of a president in U.S. history. With flashes of sarcasm, he chided

the House prosecutors for arguing the need for witnesses without having heard from witnesses during the House impeachment proceedings. Mr. Ruff accused the House man-

agers, who had urged Mr. Clinton's removal from office in three days of arguments last week, of irresponsibly manipulating the facts of the case, and of building their arguments with "sealing wax, string and spider webs." Yet, several senators said that by rais-

ing questions about inconsistencies in the grand-jury testimony of Ms. Lewinsky, the presidential secretary Betty Currie, and others, Mr. Ruff had made the prosecution's case that witnesses were needed to sort out contradictions. The White House case is to be con-

cluded Thursday by David Kendall, Mr. Clinton's private attorney, discussing other obstruction charges, and by the former Arkansas Senator Dale Bumpers, who agreed to join the Clinton team.

#### SPEECH: Seeking to Show He's Still Chief curity (and invest some of that money in

#### Continued from Page 1

impeachment Tuesday night -- and left every impression that he believes he will be in place when the Senate trial is over. Hours after his lawyers began their defense in the Senate, the president seemed determined to ignore his pre-

Near the beginning of his speech, he praised the call for bipartisanship by the new House speaker, Dennis Hastert, and symbolically turned to shake Mr. Hastert's hand "Let's do exactly that," he said. Repeatedly, he urged Congress to come together across party lines to solve the country's problems.

The subliminal, split-screen subtext of the evening: that while Republicans focus on impeachment, the president is

doing his job.

Mr. Clinton's personal motivation was to demonstrate that a year of scandal and impeachment has not diminished his ability or enthusiasm to focus on what he calls "the people's busi-

White House officials, briefing reporters in advance of the speech, sought to reinforce the impression that impeachment has not caused the president to lose focus or intensity. They described his agenda as "the most ambitious since 1993" and promised that he would remain "as aggressive as possible" in promoting his policies until his last days in office

But those words rang somewhat more hollow in the seventh year of his presidency. Mr. Clinton's proposal to set aside much of the budgetary surpluses over the next 15 years for Social Se-

Saving his presidency has become a regular subtheme of Mr. Clinton's State of the Union speeches. That was the case in 1995 after Republicans took control of Congress. It was true again in 1996, when he used the State of the

Union address to turn around his political standing and lay the foundation for his re-election campaign.

Last year, his State of the Union address came less than a week after the news broke that the independent coun-

sel Kenneth Starr had expanded his investigation of Mr. Clinton to include his relationship with Ms. Lewinsky. After the speech, his poll numbers shot up and have remained high ever since, despite 12 months of investigation and impeachment

On Tuesday night he came to the House chamber with an even greater sense of urgency to show he was still in

#### **Clinton Outlines** Plan for Surplus

Following are highlights of President Bill Clinton's State of the Union address, and the Republican response to some of his proposals: The president said the federal budget surpluses would total \$4.4 trillion over 15 years. Here are his proposals for using the money:

•62 percent, or \$2.7 trillion, would be dedicated to Social Security, enough, the administration says, to keep the program solvent until 2055. Of that, \$700 billion would be invested in the stock mar-•11 percent, or \$500 billion.

would be dedicated to tax breaks that would help workers establish retirement savings accounts, with special incentives for low- and middle-income families.

 15 percent, or \$700 billion, would be dedicated to help shore up Medicare.

• 11 percent, or \$500 billion, would go for military and domestic programs.
The president outlined other pro-

posals, including: • Federal - education financing would reward local schools that adopt stricter standards for stu-

dents, teachers and schools. The minimum wage would increase to \$6.15 an hour in 2000 from \$5.15 an hour now.

 Grants and tax credits for child care would increase. New legal protections for medical patients to ensure access to specialists and emergency services.

•\$12 billion extra for military rograms.
With their own legislative proposals, and in speeches Tuesday by Representatives Steve Largent of

Oklahoma and Jennifer Dunn of Washington, congressional Republicans emphasized these goals: • A 10 percent cut in the tax rates, retroactive to Jan. 1.

• A 4.8 percent pay increase for the armed services. • Fewer restrictions on federal education financing for local schools.

Council. U.S. diplomats deny this. U.S. and British air strikes in December destroyed "Iraq's infrastructure, schools, hospitals and grain warehouses." In Washington, the Clinton ad-

nated seven groups as permitted re-cipients of U.S. financial support. based Supreme Council for the Islamic Revolution, led by Mo-hammed Bakr Hakim, a Shine cleric. The organization is considered most influential in the largely Shifte Iraqi south, where opposition to Mr. Hussein is endemic.

warfare, at least until Friday. But once the threat of bombing was withdrawn in October, there was little leverage on Mr. Milosevic to give Kosovo the enhanced political autonomy that now, less than four months later, seems too little to satisfy the ethnic Albanians, let alone the Kosovo Liberation Army.

the minimum.

'Albanian national consciousness has changed a lot."

It may be that the renewed threat of NATO bombing will give Mr. Milosevic more room to make necessary concessions to the ethnic Albanians short of the independence that the Serbs
— and the rest of the world — do not

"are a blunt instrument," a senior Western diplomat said. "It's a blunt instrument for a delicate problem."

#### **CROSSWORD**

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38 Bluebelle, e.g., in old TV ads

Sidney Lumet 20 Bell site 21 Quarrel

39 Phony phone

Solution to Puzzle of Jan. 20

40 Protest leader 44 Awake 45 401 (k) cousins 46 Blue 49 Racing vehicles **63 Hiosters** ballperk lunch 56 Confusion

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O New York Times/Edited by Will Shortz.

FOR INVESTMENT INFORMATION Read THE MONEY REPORT every Saturday in the IHT.

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**EUROPE** 

## Yeltsin's Doctors Rule Out Surgery to Treat Ulcer

By Daniel Williams Washington Post Service

Boris Yeltsin's doctors said not make a state visit to phoned prominent stomach Wednesday they would not France next week as schedperform surgery on him for a uled.

bleeding ulcer but would instead use medication.

lowed a series of tests perized for up to three weeks.

By James F. Clarity

New York Times Service

new metaphoric heights, or depths, in the

language of Ulsterspeak, the tongue used here by politicians in which traditional eu-

phemism is now increasingly enhanced by

of the most skilled inveighers in the

province, continued to avoid use of the

words "Catholic" to describe Catholics, or "Protestant" to describe Protestants.

estants are unionists or loyalists. Repub-

The members call themselves represen-

The sectarian killing of more than 3,200

tatives not of a religion, but of a tradition or

people in the last 30 years is "The Trou-

But as the debate in the Assembly

rambled on for seven hours Monday, it

seemed as if swords of Damocles were

everywhere hanging ominously over Pan-

In Ulsterspeak, the peace effort was an

the Parliament building in the Stormont

area of Belfast, Little Orphan Annie was a

voice in the crowd. Guillotine blades

flashed. Macho men were wrecking the

peace effort. If this kept up, the members would all lose their jobs and the paychecks

they have been getting since the Assembly

ists are for political talks.

a community.

dora's boxes.

Aides to President Yeltsin called for him to step down. said the ulcer has stopped MOSCOW — President it clear that Mr. Yeltsin would

> latest in a series of illnesses opposition politicians have into successive broadcasts on

Ulster's Battle of Metaphors

BELFAST — The quality of debate in Feb. 15. The report recommends new struc-

the Northern Ireland Assembly is reaching tures of home-rule government that would

procedural motion, the 108 Protestant and Roman Catholic members, including some of the most skilled inversely.

In Northern Ireland, in public, Catholics may be storms; there may be flak; there may are nationalists or republicans and Protection be hijackers on board. But we can see

licans and loyalists are accused of favoring sectarian violence; nationalists and union-

In the New Assembly, Rival Delegates Mix It Up

Such is the sensitivity surrounding his state of health that Kremlin officials telespecialists in Moscow and told them to stop analyzing

Mr. Yeltsin's ulcer was the his condition for journalists. The announcement fol- that have taken him out of news from his doctors reformed on the ailing leader.

He took ill Sunday and is gone to work at his Kremlin Wednesday evening. It merited only a few seconds deep public view for much of last ceived cariously little atten-

pave the way for the British government to

return to Northern Irish officials the powers

it has exercised directly from London since

1974. The local officials now control only

approval," he said during the debate, "will

lock us on to a flight path for devolution by

March 10," referring to the transfer of

powers. "There may be heavy clouds; there

the lights on the runway ahead and we now

terropted by the Reverend Ian Paisley, the

flamboyant anti-Catholic leader of the Democratic Unionist Party, who opposes

the peace effort as a sellout of Protestants in

this predominantly Protestant British

province. "We'll not ride in your plane if it

Party's leaders, Sir Reg Empey, advocating

approval, was interrupted by Robert Mc-

Cartney, who is the only member of his U.K. Unionist Party in the Assembly, having been abandoned by its other four mem-

"Ah, poor Little Orphan Annie is mak-

swelling of tissue around the Mr. Yeltsin was able to

view the stomach lining.

since late last week.

ments at a desk in his hospital President Yeltsin has not room, Mr. Yakushkin said. Other Kremlin officials been shown on television took pains to repeat Mr. Yeltsin's determination to On Wednesday, Mr. Yeltsin underwent a gastroscopic examination, a proce-

serve out his full four-year term, due to expire in the middle of next year. Mr. dure that involves passing a fiber-optic probe down the Yeltsin has dismissed former throat to enable physicians to aides who suggested that illnesses might force him either to resign or pass on important duties to Prime Minister Yev-Mr. Yehsin's spokesman, Dmitri Yakushkin, said the geni Primakov. doctors observed "an ab-

sence of bleeding, a reduction An aide told Russian radio of inflammation and of the reporters that Mr. Yeltsin was "the only person" who could ensure honest legislative elections, slated for December, walk and reviewed docu- and the presidential election.



BUCHAREST — The Romanian government, facing a Monday. repetition of violent miners' protests that helped topple the Communist government in 1991, offered Wednesday to negotiate with striking coal "Another descent on miners if they would halt their Bucharest would be tan-

sion which will go to Craiova, units. even to Rimnicu-Vilcea, to As Popescu, referring to two key towns on the miners' route.

has hijackers," he said.

Mr. Paisley, who was ejected from the
European Parliament in Strasbourg in 1988 ficial response to this proposal,''the spokesman added. for disturbing an address by Pope John Paul II, said of the leaders that he could hear "the jackboots of their fascism" in their report. Mr. Mallon had the last word. "They airliner preparing to land. Nazi jackboots may guillotine the speech," he said, "but stomped around the Assembly chamber in they will not guillotine the process." political confrontation, and barricade. taking into account the risk One of the mainstream Ulster Unionist

> Seeking a pay hike and a minister," he added. "We have explicit thousands of angry miners not to let them through," dedefied police and government warnings and pushed ahead Horezu roadblock, about 200 - by bus, truck, car and on kilometers (125 miles) west foot - on their circuitous of Bucharest.

procession Bucharest, which began

"The miners will not get to Bucharest," Interior Minister Gavril Dejeu vowed on radio early Wednesday.

"Another descent on

massive three-day march to-ward a showdown in this cap-ital city.

"In order to show its avail"The first of the control of ability for dialogue, the government has decided to immediately create a commiscurity police and military

As policemen in riot gear negotiate with the miners," set up reinforced concrete said a spokesman, Razvan roadblocks at key points on their route, the miners declared that they were deter-'We are awaiting an of- mined to get through.

"I cannot go home with empty hands," said a miner Hours earlier, President from the Jiu Valley who ap-Emil Constantinescu, called peared exhausted as he and Parliament into special ses- his comrades stopped to eat sion, explaining that it was near Horezu, where thou-"in view of the attempt to sands of policemen waited turn the miners' strike into a behind a massive concrete

"I want to be able to tell that the situation will get out my family that our demands were accepted by the prime "We have explicit orders

clared a policeman at the real name is Rich Ramirez Sanchez, in the and disorganization in hospitals.



Igal Damary, left, and Udi Hargov arriving in court Wednesday in Larnaca.

#### 2 Israelis Go on Trial In Cyprus for Spying

LARNACA, Cyprus - Two Israelis charged with spying on Cyprus repeated their not-guilty plea at the start of their trial Wednesday in a case that has strained re-

lations between Israel and the island. Sitting in the dock as police presented sophisticated gadgets they say were found on the pair, Igal Damary and Udi Hargov denied charges of conspiring to spy on

Cyprus. Mr. Hargov, 37, and Mr. Damary, 49, were arrested at their leased seaside apart- ported Wednesday. ment on Nov. 7 with listening equipment authorities say was used for spying. The

pair have been in custody since. Israel denied they were spying and dip-lomatic sources said Nicosia is under pressure to drop the case.

#### Paris Prosecutor Plans Appeal in Carlos Case

PARIS — The Paris prosecutor's office For the Record plans to appeal last week's court ruling that clears the man known as Carlos the Jackal of responsibility in a 1974 bombing, judicial sources said Wednesday.

SOS-Attentats, an association that rep-

bombing of the Drugstore Saint-Germain, a store and restaurant in the heart of Paris's. Left Bank. The Sept. 15, 1974, bombing. killed two people and wounded 34. The court cited lack of evidence. (AP)

#### U.S. Reportedly to Keep East German Spy Files

WASHINGTON - The United States will not return to Bonn the complete files from former East Germany's Stasi spy agency, but will continue to allow Germany access to them. The Washington Post re-

The report, quoting informed govern-ment sources, contradicted German press reports over the weekend that an agreement had been reached to return the files in exchange for magnetic tapes of the Stasi that German authorities recently decoded.

The German government "has had access to the files in the past," an unidentified senior U.S. official said. "But we have no plans to give them away."

(AP)

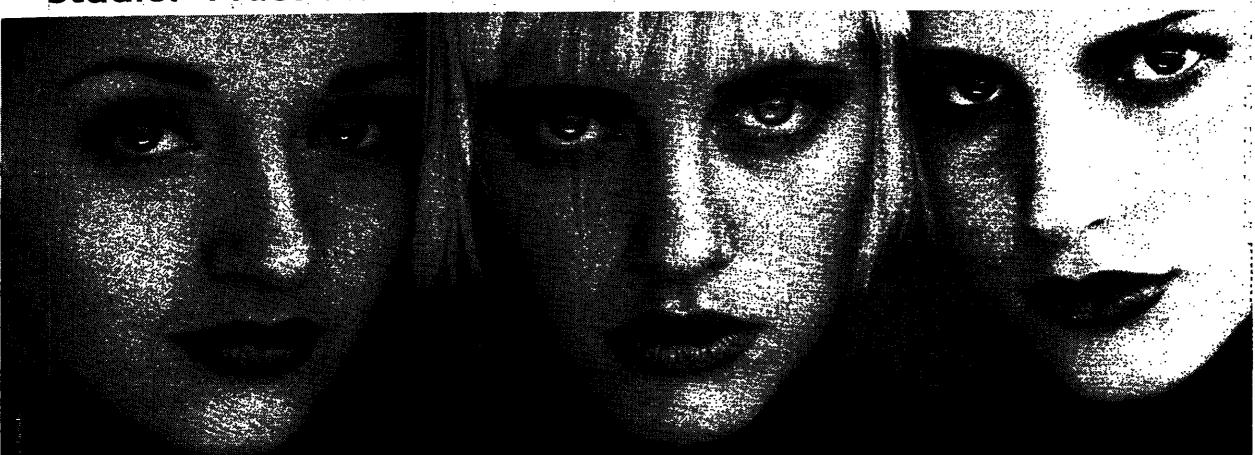
Jacek Wutzow, Poland's deputy health minister, blamed for causing some of the confusion that accompanied the Jan. 1 reform of the nation's medical-care sysresents families of victims of terrorism, said
Monday it would appeal.

A court on Friday dropped charges
against the Venezuelan-born Carlos, whose
introduced too quickly, causing long lines

Studio. Practice. Office.

bers last month.

Eventually, the Assembly, by a vote of 74 ing a comment," Sir Reg said.



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Landesbank Baden-Württemberg

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### **Kosovo Test for NATO**

faced down the Soviet Union is planning a big celebration of its 50th birthday this spring. But in a small province of Yugoslavia the alliance's credibility is being tested right now. If NATO and President Bill Clinton cannot stand up to the Serbian dictator Slobodan Milosevic in Kosovo, they might as well cancel the anniversary party right now. NATO will have shown itself to be useless.

Mr. Milosevic has been waging war against the civilian population of Kosovo for most of the past year. Ninety percent of Kosovo's 2 million people are ethnic Albanian, while only 10 percent are, like Mr. Milosevic, Serbian. Especially after his brutal campaign of ethnic cleansing, most of the ethnic Albanians want independence for Kosovo. Mr. Milosevic continues to act as though he can thwart them through military subjugation.

Last October he reached an agreement, negotiated by U.S. Ambassador Richard Holbrooke, that was meant to pave the way toward a political solution. The agreement was unsatisfactory from the start; Mr. Milosevic is now violating every provision. He promised access to Kosovo for international war crimes investigators; he has not let them in. He promised to withdraw some of his troops; instead he has been beefing up his forces. He said he would allow 2,000 unarmed "verifiers" to monitor the cease-fire, but he has interfered with their work. And, most important, there is no cease-

The U.S.-led military alliance that fire; Serbian shelling of Kosovo villages in the past few days has left another 5,000 homeless, adding to the hundreds of thousands burned and bombed out of their homes already

Mr. Milosevic's contempt for NATO became totally clear this week, in the wake of a Serbian massacre of 45 civilians in the village of Racak. He barred chief war crimes investigator Louise Arbour from entering Kosovo to investigate the massacre. His apparatchiks then removed the bodies so that there could be no evidence of Serbian crimes. He ordered the expulsion of U.S. diplomat William Walker, chief of the 800 or so verifiers who had deployed so far. He escalated the fighting.

The Serbian dictator understands well that NATO has little appetite for involvement in another Balkan conflict. But NATO and the United States are involved and will remain so as long as Kosovo's instability threatens the entire region. Each time the alliance caves in to Mr. Milosevic, hoping to avoid making the tough decisions, it only guarantees that the next crisis will

be more difficult. Now it is time to take a stand. NATO must prepare to use force, ground troops as well as air power, to enforce a cease-fire and an interim political settlement. As a first step, it should order the immediate withdrawal of the unarmed verifiers, so that they do not become Serbian hostages if NATO

-THE WASHINGTON POST.

## Clinton's New Agenda

President Bill Clinton opened what was effectively the second front in the war over his presidency on Tuesday night. Shortly after his lawyers argued the fine legal points on impeachment in the Senate, Mr. Chinton outlined his most ambitious domestic agenda since 1993. Its centerpiece, a vast scheme to set aside \$2.7 trillion over the next 15 years to strengthen Social Security, and \$650 billion more for Medicare, served notice that the president's battle to stay in office would include efforts to revitalize the big safety net programs that are extremely popular among the swing voters whose support

he needs in the impeachment fight. His political troubles could be seen iy in une awkwaid ai of many Republicans, which he tried to counter with an opening call for a new "spirit of civility and bipartisanship" and a handshake with the new House speaker, Dennis Hastert. But his speech was designed to be bold and to try, even in depressing circumstances,

to show his political resilience.
In the last few weeks the White House has dribbled out bite-sized initiatives in education, the environment, crime and military preparedness, leaving the impression that his State of the Union speech would be another laundry list, commendable in many respects but not very inspiring. Instead he recommended that more than \$4 trillion in surpluses projected over the next 15 years, most of it from the Social Security system itself, be mobilized for retirement and health programs, individual savings accounts and some spending initiatives.

The president was playing his best political cards at a time when the country can afford to act and address these long-term problems. In 15 years, when baby boomers start to retire, Social Security will drain money rather than

Mr. Clinton has wisely rejected a Republican proposal, endorsed by some Democrats, to strip away a portion of the Social Security safety net and replace it with a system of individual investment accounts, jeopardizing the retirement of those unlucky or unsophisticated in the ways of the market. Instead he proposes to have 15 percent of the Social Security trust fund eventually invested in the stock market. This is a promising but largely untested new idea with assumptions about the market and other factors that will need to be studied closely.

Mr. Clinton's other innovative proposal would channel \$500 billion over 15 years in matching funds for new voluntary retirement accounts outside the Social Security system. It has some attractive features, including a progressive approach of weighting the benefits for those with lower incomes. gress and the impeachment battle will probably leave a bitter aftertaste, the president's plans are certain to be more of a conversation opener than a blueprint for the future.

Trent Lott and other Republican

leaders signaled on Tuesday that they would seek to use a major portion of the budget surplus for across-the-board tax cuts. Mr. Clinton has at least defined the outline of negotiations with congressional Republicans over how to balance the popular but expensive goals of protecting the elderly and granting tax relief for those still in the

The president deferred for a later day the debate about adjustments, and perhaps new limits, on both Social Security and Medicare. He called on the Congress to work in a bipartisan way to enact such changes.

Many of Mr. Clinton's smaller pro-

posals for education, the environment, crime, military readiness and research will probably find broad support in Congress. We hope that he also fulfills his pledge to make a strong push for campaign finance reform. If he can emerge from the corrosive debate over impeachment and lead a cooperative effort that borrows some ideas from the opposition, he could put a productive stamp on his final two years in office. -THE NEW YORK TIMES.

#### Other Comment

#### Samaranch Should Resign

There could hardly be a more flagrant contradiction than that between the spirit of amateur sportsmanship represented by the Olympic Games and the bribing of International Olympic Committee officials.

The corrupt practices of committee

members who vote on the selection of sites for the Summer and Winter Games have long been known to everyone involved. This widespread knowledge of the need to bribe IOC site sclectors became part of their scam. Each would-be host city knew that it had little choice but to outbid

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other competing cities by lavishing more and better gifts on the visiting

dignitaries from the IOC.

The former president of the Quebec 2002 organizing committee, René Paquet, [calls] for the resignation of the IOC president, Juan Antonio Samaranch. "When you are the leader of an organization, you have to bear respon-

sibility for what happens," Mr. Paquet said in a compelling indictment.

By refusing to accept responsibility for systemic corruption that has flourished for years, Mr. Samaranch forfeits his right years. his right to commend the purity of the Olympic spirit. He should be replaced.

— The Boston Globe.

#### Herald Tribune

ESTABLISHED 1887 KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER

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# Slaughter in Kosovo Prompts Nothing but Talk

By Jacky Mamou

PARIS — Forty-five people were slaughtered last week in Kosovo, practically before the eyes of the international observers. The reaction of the international community was not long in coming: an inquiry was ex-pedited by the International Criminal Tribunal for the former Yugoslavia, and Slobodan Milosevic was rebuked by two NATO emissaries who were specifically said to be of a high rank.

In addition to these "decisions," statements by political leaders proliferated, some expressing horror, others anger at the intolerable.

In the meantime, on the ground, the surviving villagers at Racak had fled into the mountains, while Serbian forces remained in the village.

We can only be pleased at the growing recognition of the role of international criminal justice. The attempt to dispatch a team of investigators from the International Criminal Tribunal in The Hague, led by its prosecutor, Louise Arbour, to the scene of the massacre was welcome.

On the other hand, claiming that this action was an adequate response to what Kosovo is currently living through resembles a bad joke.

NEW YORK — As the United Nations enters a

member states.

the officeholder face.

knowledging that the secretary-

general's office will have the

potential to advance the in-

By trying to conduct their inquiry, the prosecutor and her team were only fulfilling their mandate. At least three Security Council resolutions clearly place Kosovo within the tribunal's jurisdiction. Among these, Resolution 1160 of last March 31 "urges" the prosecutor's office "to begin gathering nformation related to the violence in Kosovo that may fall within its jurisdiction" and "notes" that Yugoslav authorities "have an obligation to cooperate with the tribunal."

So far, no tribunal investigator has been able to enter Kosovo to carry out this mandate, which was laid down by the decision-making body of the United Nations. Surprisingly, nobody has yet members of the tribunal to circulate. freely and accomplish their work. The Security Council asks Mr. Mi-

losevic to "fully comply" with the

firm response is in reality only the application of a decision that remains devoid of meaning because of an ab-sence of political will. Mr. Milosevic has understood this, since he is putting so many obstacles in Mrs. Arbour's way. A major risk threatens international

criminal justice and the institutions embodying it (the International Criminal Tribunal for the former Yugoslavia, the International Criminal Tribunal for Rwanda and the future International Criminal Court): that of excessive use. International criminal justice should not become, as is the case with humanitarian action, the only response that politicians give to the tragedies of civilians during armed conflicts.

By functioning as a deterrent, it can considered it necessary to remind the be a means of preventing the most Serbian authorities of the express ob-ligation that they are under to allow the posing a system that determines who is responsible for these crimes and how they should be punished, it can contribute to the protection of populations on the ground. But by no means can it tribunal, to no avail.

It is not a question here of trivializing or reducing the role of the tribunal and states of the Geneva conventions. By

The writer, president of Médecin Monde, contributed this comment on the signatory the International Herald Tribune.

its prosecutor. But what is being passed off by the international community as a mitted themselves to applying them and to making sure that they get applied.

It would also be too easy today to

Champions of Ought to Stop

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criticize the observers from the Organization for Security and Cooperation in Europe who have been trying in extremely difficult conditions, to fulfill their mandate in Kosovo. (William Walker, head of the OSCE observers, was given three-day notice to leave Kosovo after his courageous speech at the scene of the massacre.)

As long as we make do with explaining to Mr. Milosevic that his handling of the Kosovo crisis is not in keeping with his international commit-, ments; as long as the OSCE, NATO, the Contact Group and the Security Council let themselves be made into laughing stocks as they did last October by pretending to believe that Mr. Milosevic had withdrawn his troops from Kosovo; as long as the West continues to consider him the cornerstone upholding the Dayton peace accords - Kosovo's civilians will keep paying the price,

The writer, president of Médecins du Monde, contributed this comment to

## About the United Nations and Its Secretary-General

By Kofi A. Annan

The writer is secretary-general of the United Nations.

new century of challenges, we must find new ways to defeat or group of states. This is the the age-old enemies of peace and prosperity. In fulfilling this precarious balance to which any secretary-general owes his oftask, the secretary-general is accorded a central role - by fice, his strength, his effectivethe UN Charter, by history and by the trust placed in him by ness and his moral authority. Every secretary-general before me has had to maintain this

balance, through more than 50 I believe, therefore, that it is important for our friends and years of geopolitical change. crifics alike to judge the United Nations and my office with what I IS sometimes tempting to Lgive in to one's feelings of Isaiah Berlin called a "sense of reality." By this I mean a realpersonal outrage at a specific istic appreciation of the promtransgression, especially when to do so would win political limitations and responsipopularity in some quarters. But bilities that the organization and that would imperil the secretary-Above all, this means acgeneral's ability to work ef-

terests of all states only so long impartiality and independence as it does not appear to serve the of the office are too important to

narrow interests of any one state be so easily sacrificed.

The end of the Cold War transformed the moral promise of the role of the secretarygeneral. It allowed him to place the United Nations at the service of the universal values of the charter, without the constraints of ideology or particular interests. In my two years as secretary-general, I have sought to pursue this role in two

distinct ways. First, I have sought to speak out in favor of universal human rights and in defense of the victims of aggression or abuse, wherever they may be. For Americans, the presidency has been seen as a bully pulpit, at Roosevelt. I have sought to make the office of secretarygeneral a pulpit, too. From New York to Tehran to Harare and to

Shanghai, I have sought, without attacking specific regimes or individuals, to use it as a vehicle for promoting the values of tolerance, democracy, human rights and good governance that believe are universal.

Second, I have used my office as a bridge between two or more parties wherever I believed that an opportunity for the peaceful resolution of disputes existed. To do so, I have embarked on many missions, confronting not only the doubts of others but my own as well.

I have at times been as skeptical of a leader's true intentions as anyone, and I have entered every war zone without any illusions about the prospects for peace or the price of misrule.

But I have persisted, because least since the days of Theodore I must deal with the world not as I would wish it to be, but as it is. I must confront it with a sense of reality about how far a leader can be pushed by peaceand how ion take to bring peace where a be recognized as a signal ac-u state of war-exists.

Does this make me, or anyblind? Can a secretary general not tell good from evil, or victim from aggressor?

Of course he can, and precisely for that reason he must persist, for it is ultimately the aggressor more often than the victim who will benefit from isolation and abandonment by the international community.

Impartiality does not - and must not -- mean neutrality in the face of evil. It means strict and unbiased adherence to the principles of the charter nothing more, nothing less.

OF THE missions I em-banked on last year, none was fraught with as much risk to my office and to the United Nations as the one involving Iraq. Confronted with a crisis in the relations between Iraq and the Security Council, I went to Baghdad last February seeking to break an impasse and to return the UN Special Commission to its vital work of disarming Iraq's weapons of

mass destruction. Briefly, but significantly, Iraq returned to compliance, and Unscom inspectors were able to enter sites to which they had been denied access for inore than seven years.
I say "briefly" because Iraq

subsequently decided to place new obstacles in Unscom's way — a flagrant, deeply troubling violation both of the memorandum of understanding that I secured with Baghdad and of Iraq's long-standing obliga-tions to the Security Council. Since then, we have gone from crisis to crisis, punctuated by fleeting moments of cooperation between Unscom and the

government of Iraq. This backand-forth culminated in lastli month's air strikes. Clearly, we stand at a critical a

juncture now - between the use of force and the peaceful? compliance I have always o sought, between securing the a threat that it would otherwise pose to the region, between 5 looking to a future when Iraq's c long-suffering people can live 3 free and unhindered lives, and 3 continued isolation and impor-erishment for civilians when bear no responsibility for their:2 country's calamities.

Members of the Security Council are now actively engaged in seeking a way for- a ward, a way that can restore the council's unity while maintaining the disarmament of Iraq and E alleviating the suffering of the Iraqi people. For those who remember the days of the Cold ? War, the unity of the council in a

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It is also what makes Iraq [ one in my position, morally such a priority for me as secretary general. A divided council can, and has in the past, paralyzed the United Nations. I must and will do all in my power to avoid such a fate. A Whatever means I have em-

ployed in my efforts in dealing with Iraq, my ends have never been in question: full compliance with all relevant Security, Council resolutions; the disarmament of Iraq; reintegrating its people into the international 16 community; securing the stability of the region, and ensuring n the effectiveness of the United Nations as a guarantor of in-'E

ternational peace and security. I By precedent, by principle, 4 by charter and by duty, I amau bound to seek these ends a through peaceful diplomacy. in

ULTIMATELY, however, n the peace we seek, in Iraq as everywhere, is one that reflects the lessons of our terrible century; that peace is not true or lasting if bought at any cost; that only peace with justice can hon-in or the victims of war and vi-u olence; that without democracy, g tolerance and human rights for deall, no peace is truly safe.

To apply those lessons wherever and whenever pos-0 sible is a secretary general's I highest calling and foremost o duty — to himself, to his office to and to the United Nations. My in great predecessor, Dag Ham-is marskjold, once said that it "is D a question not of a man, but of an institution.

It is, therefore, for the United it Nations itself, and the hopes and aspirations that it has em-10 bodied for more than half a century, that we must succeed if The New York Times.

#### IN OUR PAGES: 100, 75 AND 50 YEARS AGO =

#### 1899: Samoa Troubles determined to maintain the su-PARIS - [The Herald says in

England and Germany. The per-lin Treaty was a makeshift, pro-viding for tripartite control of the islands. But the treaty also the islands. But the treaty also the independence of the August, Maraafa, the ex-King.

Mr. Jack Jones, M.P., says that an Editorial: The troubles in only seven high hars remain in the House of Commons. In tion between the three Consuls representing the United States, England and Germany. The Ber-

## The IMF Record in Asia Is Mixed

fectively to prevent aggression

and preserve peace. It is a luxury

I cannot afford. The integrity,

impartiality and independence

HONG KONG — The Asian crisis has humbled presidents, bankers, tycoons, economists, journalists and millions of ordinary people.

But not the IMF. The IMF's just published analysis of its policies toward the three countries — Thailand, South Korea and Indonesia — in which it has played a major role during the crisis is felt by its authors to be a balanced and professional assessment. The Fund's many critics in Asia will see it more as a

document in its own defense. Those elsewhere must regard it as important because its conclusions will have major influence on policies in future crises.

data and summaries of events, policy developments and policy options at the time. But it also has some glaring omissions. Most notably, it does not explore the reasons for the huge flow into and then out of foreign short-term cap-ital in the 18 months either side of the mid-1997 collapse of the Thai baht.

the study in the eyes of the many, not just in Asia, who find as much fault in the behavior of international banks, especially European and Japanese, as in economic and corporate management in Asia. it suggests that because South Yet the burden of adjustment Korea and Thailand did even-

By Philip Bowring

fell almost entirely on the borrowers, not the lenders. By dealing with only three

countries, the study is also able to sidestep the crucial issue of the cumulative impact of IMF-type policies on the region, which escalated what might have been a couple of single-country recessions into a major regional crisis. That then spilled over into other regions with open capital markets but very different eco-

nomic situations. The IMF admits to a number of errors and misapprehensions, but on the biggest issues it comes to the happy The study contains useful conclusion that it was right all along. The policy failures were mainly of implementation (not its fault) rather than design. Its failure to predict the depth of the crisis was partly due to the initial failure by governments to take strong action to reassure markets and

stem currency collapses. The document demonstrates the IMF's strength in That omission will devalue economic analysis but indi-e study in the eyes of the cates a woeful lack of understanding of the dynamics of financial markets, the needs of businesses and the political environment in the region. In a perverse piece of logic,

#### Too Much Blind Faith in Openness

WASHINGTON does not flinch from its broad defense of a more integrated global economy. But last week Dani Rodrik, a professor at Harvard's Kennedy School, challenged the dominant religion. In a new book, he questions the value to developing countries of increasing economic integration, of ever expanding trade and capital flows.

Openness is not essential to economic growth, he argues. It is likely to widen inequality within countries. And, as recent events demonstrate, it leaves developing nations vulnerable to debilitating financial shocks.

His conclusion: Policymakers should "not let international economic integration dominate their thinking on development." It is a seductive argument, and right in many particulars.

Asia's success stories in the early stages of their development

did not follow every tenet of the openness ideology, such as low tariffs for all goods and totally liberal capital markets. But they did, each in different ways, view economic integration as crucial. They did hitch their small domestic economies to the larger and more technologically advanced eco-

tually swallow most of the IMF medicine (since the alternatives had become even worse) and are now seeing light at the end of the tunnel, the medicine

must have been correct. The most dangerous aspect is the IMF's vigorous defense of high interest rates as the key to currency stabilization. This has been the most criticized aspect of IMF orthodoxy, not least by the World Bank, which has rather more on-theground experience in Asia. High rates led to the collapse of domestic demand and to a stream of failures of highly leveraged corporations with excess capacity. That in turn

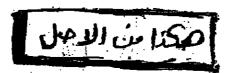
exacerbated capital flight. That currencies eventually did stabilize seems to have been more the result of afflicted countries achieving huge current account surpluses than of high interest rates.

Another factor in the South Korean case was government guaranteeing private short-term debt to foreign banks. The Koreans paid a heavy price to bail Western and Japanese banks out of their own follies. The IMF analysis prefers not to dwell on such matters, or on the failure of central banks in lending countries either to monitor credit exposure or to lend a hand in stabilizing the

The Fund's behavior and analysis show it bogged down in trying to provide complex medicinal mixtures for economies of which it has scant prior knowledge. Its arbitrary bank closures in Indonesia after a few days of quick study of a complex, volatile and politicized situation created panic. In South Korea, its siunitaneous emphasis on structural reform, very high interest rates and fiscal rigor was a mix that would have killed a patient less tough.

South Koreans are still smarting. They will emerge tougher and at some point take their revenge on a West, represented by the IMF, which humiliated them.

The Fund is hard at work studying capital markets, flows of funds and ways of



# out Talk

#### OPINION/LETTERS

## Champions of Reckoning Ought to Stop and Think

By Geneva Overholser

WASHINGTON — Having heard recurrent pronouncements against too much affection for the Almighty Dollar since my heacher's-kid childhood, I am under no illusion that money worship is new. Still, ardor for profits seems to be the prevailing force in American life these days. It might do us good to ponder a bit its powerful impact on all we think and do. This exercise occurs to me be-

cause I have noticed, in following policy discussions of various kinds, that you get only a short distance imo a subject before coming up against the sharp clink of coins. We Americans seem, for example, to accept as given that anything that works to undermine next quarter's profits is doomed. Or that, if we need to make a change, we had better find a way for it to appeal to the marketplace.

At an American Planning Association conference last year, a symposium leader advised: "We sed to talk about planning as a we can have an affordable quality of life. Then we've got something we can sell."

At a session on how environmentalism is changing, marketbased solutions took pride of place. Carol Browner, the head of the Environmental Protection Agency, noted that cost-benefit analyses were "an incredibly important policy tool." By the time she added "But what is the value of human life?" that question

sounded almost anachronistic. Profit pressures have a firm grip on my line of work, the media. Consolidation of ownership is one reason. In radio, a handful of companies has taken a powerful hold, pushing creativity down and per-hour up. As for newspa-pers, profits climb and circulation stagnates. As Harold Evans, the former publisher, said, "The challenge of the American newspaper is not to stay in business, it is to

stay in journalism."
Doctors, preachers, university presidents and people in the arts all tell of the war between financial pressures and other values.

At a Woodrow Wilson Center symposium last fall on American popular culture, panelists spoke of the withering effect of money lust on creativity and breadth in filmmaking, theater, music and art. The sociologist Michael Schud-

son summed up: "What should be the attitude toward commerce of someone who cares deeply about culture? Is there a place to draw a hine — Oprah rather than Springer, hip-hop over the Spice Girls, The New York Times rather than the New York Post? Uplift rather than pandering?"

Of course, my uplift could be your downfall. And fussing over the impact of money can seem preachy and narrowing. I am intrigued by the argument

of Tyler Cowen, an economist at George Mason University, who has written a book, "In Praise of Commercial Culture." Cultural variety, he contends, produces cultural vitality. And variety is

what the market brings.

He holds up "the capitalist market economy as a vital but mappreciated institutional framework for supporting a plurality of coexisting artistic visions."

It is a pleasure to encounter optimism, as it is a pleasure to see the occasional art exhibit that finds beauty in everyday objects and to see throngs viewing major art exhibits — and spending at museum shops. Still, when we find every question debated as if dollar accounting matters more than anything else, it may be realism that we need.

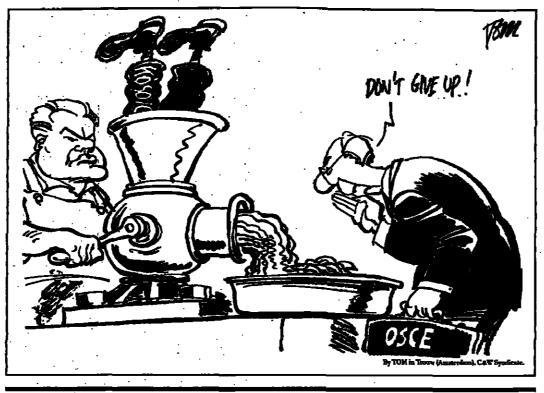
The global warming debate is an example, with many sounding as if no present or future environmental development can be as important as the bottom lines of American companies this year.

The dollar's hold on American imaginations is of long standing. While Washington Irving wrote early in the last century of "the almighty dollar, that great object of universal devotion," pioneers were out seeking profit in land or minerals and totting it up even in the language they used "I reckthe language they used. "I reck-on," they said. I calculate.

I don't want to be un-American about all this, but it does seem we should balance our thinking along with our checkbooks.

As the Yale law professor Stephen Carter said last year in a discussion of his book "Civility," "the problem in America today is not that we have a market economy. The problem is, we have let that market economy and its values dominate too much of our lives."

The Washington Post.



#### LETTERS TO THE EDITOR

**About Clinton's Trial** 

Regarding the editorial "Not High Crimes" (Opinion, Jan. 18): The editorial suggests that only "offenses against the system of government" warrant removal of a U.S. president. But suppose that a rogue president committed murder and, even more implausibly, remained popular. In that case, would the editorialist argue for the continuity of the presidency?

Perjury and obstruction of justice rank above the impeachable offense of bribery, according federal sentencing guidelines. To leave in office a president who is found guilty of such crimes, however short the remainder of his term may be, would create a greater national trauma than orderly removal from office.

RONALD BOWERMAN. Hualien, Taiwan.

The House prosecutors appealed, in their verbal presentations, to absolute notions of law and justice. But Americans know that, as politicians, these same people are prepared to bend the law to suit their purposes.

Rather than reverence for justice, an adversarial ethic prevails, in which the only thing that matters is who wins.

The widespread cynicism

culture may be either a cause or an effect --- or both --- of an equally widespread, if as yet inarticulate, attitude of realpolitik. In any event, it is a sign that Americans are at last growing up.

LEO PRADO.

The vast majority of Americans wish for President Clinton's affairs to be laid to rest. But why should justice heed the polls?

Justice reflects moral principles that evolve at the pace of cultures. It stays the course irrespective of whims or swings in opinion. It is the needed guarantee that lovable villains will be punished and odious innocents will go free. At least that is the way it

LUCIO MARGHERITA.

The trial should be adjourned. The reason is simple: Both articles of impeachment derive solely from the Paula Jones lawsuit. It was thrown out of court, and even before that the entire matter of Mr. Clinton's relationship with Monica Lewinsky was found to be irrelevant and excluded. So none of Mrs. Jones's rights were put in jeopardy and no national interests were trampled by Mr. Clinton's testimony, either in his deposition manifested in contemporary in the Jones case or in his grand products of American popular jury appearance.

I do not believe that Americans were wise to elect Mr. Clinton, but there is no foundation for removing him from office. The longer view will, correctly, penalize the Republicans for this folly.

DON WESTERVELT. Los Alamos, New Mexico.

Health and Population

In response to "Better Health Stokes Productivity" Opinion, Jan. 15) by Gro Harlem Brundtland:

I agreed with what Mrs. Brundtland wrote, but was astonished that there was no mention of the out-of-control growth of the world's population.

There is no way to continue providing health care, or even clean water, for ever increasing numbers of people.

We need to educate on pop-

ulation and reproductive issues before, or while, we try to treat other health issues.

LESLIE V. WANGENHEIM

Letters intended for publica-tion should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We can-not be responsible for the return of unsolicited manuscripts.

## A Remarkable Nonevent In U.S. Aviation History

By James K. Glassman

WASHINGTON — "Is there any point to which you would wish to draw my attention?" asked Watson.

"To the curious incident of the dog in the nighttime," replied Sheriock Holmes.

"But the dog did nothing in the nighttime." That was the curi-

The curious incident of 1998 was not the impeachment of America's priapic president. That

#### MEANWHILE

was a dog-bites-man story if there

ever was one. No, it was that not a single life was lost in an accident aboard a scheduled U.S. airliner. As in the Arthur Conan Doyle story "Silver Blaze," nothing happened. But that "nothing" was significant. Never, since the National Transportation Safety Board began keeping records in 1967, had the nation gone through a year without a death on a major air carrier or a commuter plane. So let us pause and celebrate an

amazing accomplishment, the re-sult, mainly, of better technology and training — a triumph of brain-power over gravity. A total of 615 million passengers boarded 14 million flights in 1998, ascended to 30,000 feet (9,000 meters) or thereabouts, flew 400 miles (640 kilometers) on average and got down safely, usually at their in-tended destination.

The trend has been clear for decades. As the skies get more crowded, flying gets safer. In 1997, for example, only two people died in minor accidents (as opposed to fiery crashes) on major U.S. carriers, one in Peru, the oth-er over the Pacific Ocean. There were five fatal computer crashes that year, three in Alaska and one in the Virgin Islands.

Since the mysterious explosion of TWA Flight 800 off Long Is-land on July 17, 1997, there has not been a single crash of a U.S. airliner, on (or just off) the American mainland.

Two decades ago, who would have guessed this dog wouldn't bark? On Oct. 24, 1978, President Jimmy Carter signed the Airline Deregulation Act, which abolished the Civil Aeronautics Board and ended the system of strict rules on when and where airlines could fly and how much they could charge.

Deregulation remains controversial, especially among travelers who complain about poor food and tight seats and among residents of a smaller cities in the Midwest and a East, where service is limited and b fares are high. But Alfred Kahn, of the economist who was named to dismantle the Civil Aeronautics. Board, has it right. "Our goal," he said, "was to free price competition and being nickness to the competition and being nickness to the said. tition and bring air travel within the reach of people of modest means. In that, we certainly succeeded."

Fares, while far more confusing, have dropped by one-third in real terms, according to the eco-nomists Steven Morrison of Northeastern University and Clifford Winston of the Brookings Institution. They calculate that thanks to deregulation air passengers save \$12.4 billion annually.

Americans also are flying more. Passenger-miles flown doubled from 1980 to 1995, while passenger-miles driven in cars rose by only 33 percent.
Critics claimed that deregula-

tion would cause airlines to engage in a viciously competitive "race to the bottom," cutting costs by skimping on safety, making air travel more dangerous. Instead, since 1980 the chances of dying in a plane crash have dropped from 1.3 in every million departures to 0.5 per million.

Airlines have avoided a race to

the bottom, not just because of federal rules but also because of the laws of the marketplace. A single crash in the Potomac River in 1982 put Air Florida out of business. ValuJet managed to survive the grisly 1996 disaster in the Florida Everglades, but only after being forced into a merger and a new name, AirTran.

The U.S. civil aviation system seems chaotic but works incredibly well. In 1994 there were five deaths per 10 billion miles traveled on airlines, compared with 4,100 deaths per 10 billion miles in passenger cars.

In his flying days, my father used to tell us on landing his little Piper Tri-Pacer: "We just finished the safest part of the trip. The dangerous part is the drive home." That is more true than ever.

The writer, a fellow at the American Enterprise Institute, contributed this comment to the Washington Post.

राम्बद्धारिको स्थानी स्थान । अनुसर्वे ।

#### BOOKS

A CAFE ON THE NILE By Bartle Bull. 466 pages. \$26.

海鹿 "你可是

Carroll & Graf. Reviewed by Richard Bernstein

EXTREME Africa" would be an al-ternative title for Bartle Bull's new adventure novel, which takes place in

1935 in Egypt and Ethiopia (more commonly known then as Abyssinia). In Cairo, where the Cataract Café attracts a fair share of the exotic human menagerie of Europe, America, Africa and the East Indies, a Goan dwarf named Olivio Alavedo schemes to create an agricultural empire in newly irrigated lands along the Nile in northern Egypt. In Abyssinia, meanwhile, a hunter named Anton Rider, English by birth but raised by Gypsies (and a dead

ringer for Indiana Jones) takes three rich

mericans on safari just when Italy's wital invasion of the country begins. Many other characters (there are camels, horses, mules and chimpan-zees as well as human beings) appear in Bull's "Café on the Nile," and a great deal of action takes place in a novel that, even when it is a bit overdone, pulses with entertainment value. A German rogue from Tanganyika, one Ernst von Decken, strives under cover of the Italian invasion to steal a hoard of silver coins minted by the fascist dictator Mussolini. Leading an Italian air squadron in the war is Lorenzo Grimaldi, who happens to be the lover of Anton's estranged wife, Gwenn, who also goes to Abyssinia, as a vol-

unicer nurse. When one of Anton's safari clients, a sveite and rich Kentuckian named Harriet Mills, takes film footage of the Italians using poison gas on the Ethiopians, Grimaldi sets out to catch her before word of this violation of international law reaches the outside world.

more times than in a close tennis match as Grimaldi's grim pursuit takes place. The story unfolds with little regard for moral niceties and lots of backed-up

In other words, Bull's new novel could easily disintegrate by virtue of its own high voltage, but it doesn't. Bull is an English-born New York lawyer who once was publisher of The Village Voice. He is a skilled storyteller with a knack for characters of rugged individualism and for suspenseful situations. He has thrown everything into his new novel, from a medical consideration of dwarfism to a luridly detailed description of a carnel abattoir in Cairo. He knows about guns and airplanes and tracking game in the African bush, and he sprinkles his text with expletives in Arabic, Italian, German, Swahili and Amharic. Sometimes this is too much, espe-

cially toward the end when Anton and Lorenzo, who have several reasons to hate each other, engage in a protracted duel that just about exhausts all of the logical possibilities for close calls, abrupt reversals of fortune and types of ambush. Abyssinia is five times the size of Italy, yet the main characters of Bull's novel stumble over one another often enough to defy the laws of probability. Bull's characters also never let pass a possible erotic encounter, to the point that creative sexual escapades take on a cartoonish "Thousand and One

on a cartoonish "Inousana and Oue Nights" quality.
Still, "A Café on the Nile" is the sort of yarn that can keep you up late at night. It acquires its narrative bristle early on with the introduction of Olivio and his café, which brings people together in the way that Rick's place did in "Casablanca." Olivio himself is a fine creation, a figure whose ambition, which is as big as his body is small, which is as big as his body is small,

The advantage switches back and forth needs to be advanced by wit, charm and cunning. Within the first few chapters, all of Bull's main characters have made their way to the café and met one another - all but the mad German, von Decken, whom we meet at a gambling casino not far from the pyramids.

Anton is our hero, the most handsome and the least unscrupulous of an unscrupulous and spoiled bunch. But we learn quickly that Anton, nice as he is, has learned a few lessons in taking care of himself in a rough world. And given all the dangers (the grimly determined Grimaldi, cheats at the gambling table, thieves lying in wait in the shadows of the pyramids, and the occasional crocodile) it's a good thing, too.

Anton lives in British Kenya. He

comes to Cairo to meet his safari clients, including the sexy and adventurous young Harriet, one of a pair of twins. As long as he is in Cairo, he attempts to win back Gwenn, who finally couldn't put up with his long absences and his whitehunter lifestyle. Gwenn, who has two young boys to take care of and is studying medicine, has become the mistress of Grimaldi, who is fascist Italy's military attaché in Egypt

Soon, however, everybody but Olivio (who has his own murder and mayhem to deal with at home) is off by steamship to Abyssinia, each for a different purpose — to engage in fascist-imperialist conquest, to hunt animals, to seize an illicit fortune, to do good works. Midway through the book these characters, all of them having gone their separate ways, are rejoined, and a struggle to the death spins suspensefully and cruelly to

You finish this book almost out of breath with the nonstop quality of the action, but appreciative of Bull's spirited, sensuous, hot-blooded evocation of a rich and eventful historical world. New York Times Service

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CHATEAU HAUT-BRIO

BRIDGE

Richard De Martino, bid ag-gressively to reach four hearts. After the lead of the By Alan Truscott spade king, it is clear that he is due to fail. The defense will MANY experts find team play to be the most satsurely take two trump tricks isfying form of the game, and a trick in each black suit. since it climinates the artifi-

The spade king was led, cial striving for overtricks that and South won with the ace in is a feature of pairs play. The Greater New York Bridge Asdummy and led a club to the king. West took the ace, cashed the spade queen and sociation recognizes the player who does best in team comled a diamond to dummy's petition in a calendar year, and

the 1998 title went to Tom Smith of Greenwich, Con-necticut, with William Ehlers to the jack, hoping that East held A Q x. Instead, without of West Orange, New Jersey. any hesitation, he led the spade 10 from the dummy. East should have realized that in second rosition. Smith modestly attributes his success to fine play by a South was about to overruif knockout ream match at the and could not possibly need a New York Regional Cham-pionships as an example. He deal with any losers South

if by any chance West had after winning the club ace. So East should have discarded. But East did not work this out and ruffed with the heart

10, falling into South's trap. This, as it turned out, was the worst way to ruff. Ruffing low would have left South with a later guess when he led the suit from dummy. Ruffing with the ace would have left The only legitimate chance the defense in control. But for success was to lead a heart ruffing with the 10 allowed South to overruff, ruff a club in dummy, and lead a trump. When East played low, De Martino's only chance was to play the king. He did, and it worked. On the next round the queen and ace crashed togeth-

er and the game was made.

begun with only four spades he De Martino's swindle therewould have continued that suit fore gained 7 imps for his team when they had been headed for a loss of 5.

> WEST EAST 493 4K0854 **⊽** ∧ 10 6 0963 4107432 SOUTH **432** ∇KJ742 **4352** Neither side was vill · East 1 ♥ 4 ♥ 1 💠 Pass

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In the replay North-South prometries as an example. It was not been supposed in a part-score, quite was North, and his partner, might have in minor suits, and stopped in a part-score, quite 

## New Data Age: Now, Portable Phones Aren't Just for Talking

By Eoin Licken Special to the Herald Tribuna

DARIS — It may sound obvious. but most people use mobile phones to talk to people. But growing numbers of cell-phone users are finding that voice calls are yesterday's news. Data by portable tele-

phone is hot and getting hotter.

Relatively few mobile users have yet awoken to the potential of sending text messages to and from phones, even though digital cellular networks the world over already incorporate several

methods for sending data.

International Data Corp. says that of the 45 million digital-mobile users in 17 West European countries, only 10 percent use their phones' data functions.
But the Massachusetts-based research group predicts that of the expected 140 million users at the end of 2002, 64 percent will be using data functions,

mostly to get to the Internet. Despite the surge in cell-phone use over the past year or two, many mobile subscribers seem only vaguely aware of a menu option on their phones called something like "Messages." But all digital phones are technologically textsavvy, to various extents.

All digital cellular phones — as opposed to analog models - can receive nessages via the so-called short messaging service, often labeled SMS on

cell-phone menus. Receipt of an SMS nologically possible because they use stock information, job vacancies or message usually causes a phone to beep. Phones with miniature display screens will show the messages, each of which can be as long as 160 characters.

Many mobile phones, especially business-oriented models, can be connected to computers to allow data calls to the Internet, letting a user download electronic mail, for example. That function is also commonly used to send fax

Data calls are usually charged at similar rates to voice calls, billed per minute or per second, while SMS is billed per message, typically costing the local equivalent of 7 to 20 U.S. cents.

A third form of mobile data allows so-called cell broadcasting, whereby a message can be sent simultaneously to all phones in a particular location. Already being tested in Britain, where it is used to send traffic information, analysts predict that cell broadcasting will be popular with advertisers.

na calls via a computer require a special subscription with a phone network, but most networks provide subscription-free short messaging services.
Customers using prepaid cards to operate their phones - and most U.S. digital networks - can only receive SMS messages. The Global System for Mobile cell-phone standard of Europe and Japan

handles all current data technology.

All of these data services are tech-

streams of information sent over the single radio link between the network and the phone. GSM networks use separate channels to carry voice and data and two control channels designed for setting up calls and measuring signal

The two control channels can also be used to send short bursts of digital data to phones. One of them, the transaction signal channel, is a dedicated channel to each individual phone for setting up and maintaining calls. This is the channel used for SMS. Many mobile operators use it to inform subscribers of missed voice messages.

APAN IS the busiest market for phone-to-phone SMS messages, according to Joe Cunningham, technical director of Logica Aldiscon, the Ireland-based software developer that supplies SMS software to more than half of the world's cellular operators. Tokyo Digital processes 2 million messages a day, he said, many sent by teenagers using their mobile phones to send goodnight messages to friends'

The British cellular operator Celinet is trying to take SMS a step further, integrating it with the Web. Subscribers to Cellnet's Genie service can opt to receive discrete messages containing

Visiting the service's Web site by traditional means, Cellnet customers can specify which stocks or teams they want tracked. The network then automatically sends messages to their mobiles when the shares reach a specified

value or when one of the teams plays. The service actually generates additional revenue for network operators, a Cellnet spokesman said; as the average user receiving sports results makes an additional 15 minutes of calls a month for follow-up information.

The other control channel - the broadcast control channel - is used by phones to monitor signal strength, but it can also be used to broadcast short data messages to all mobiles within a particular cell. The Celinet spokesman said the feature could be used, for example, within a shopping mall to send mes-sages of special offers to subscribers who have configured their phones to receive the alerts.

Beyond the control channels, GSM shones have a dedicated data channel. Primarily used to link laptop computers to the Internet to read e-mail, download faxes or just surf the Web, it handles data at a relatively slow 9.6 kilobits per second, or kbps. That is slower than the slowest telephone modems for household computers, which typically receive data at 28.8 to 57.6 kbps.

According to Fergal Kelly, director of products at the Irish mobile operator Eircell, operators who choose to upgrade their networks will begin offering 14.4 kbps data channels in the next six

But three new technologies are coming that will significantly improve the data rates available to mobile users, Mr.

The first one, high-speed circuitswitched data, will offer a dedicated data channel at linkage as fast as 57.6 kbps, depending on network conditions. The premium service is expected to become available in the second half of this year.

A second technology, generic packet radio service, will provide faster data but will require redevelopment of the radio interface. It is expected to start service next year, offering data speeds as high as I 15 kbps, again depending on network conditions.

Significantly, users will not be charged according to the length of a dara call but by the amount of data exchanged. This is because the data are broken into packets, and packets from different users can share the same channel.

Finally, there is EDGE, or en-hanced data rates for GSM evalnation. The technology, which is still under development, will offer packet-based data speeds as high as 384 kbps, Mr. Kelly said.

What the Cutting-Edge Journalist May Someday Wear



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## **Keeping Roving Correspondents On-Line** By Dylan Loeb McClain

New York Times Service

NEW YORK - The time? About 10 years from now. The place? A busy city newsroom. The circumstances? A breaking story, per-

haps a bombing. A reporter grabs a notepad, a tape recorder and something else: a mobile journalist workstation that includes equipment that will plug the user into the Internet, allow transfer of information from editors and tap into a database of information about the reporter's surroundings. It includes eyeglasses with built-in liquid-crystal displays, a small high-speed wireless modern and a global positioning satellite hookup that can pinpoint a location to within an inch (2.5 centimeters).

It is a vision of the future that a group at Columbia University in New York — John Pavlik, director of the Journalism School's Center for New Media, Steven Feiner, a professor of computer sciences, and some of their students — is working to make into a reality. A prototype of the workstation, about the size of a large backpack, is being developed with about \$120,000 a year in grants from the Office of Naval Research and the National Tele-Immersion Initiative, an organization that promotes the use of computer networking technology.

The system works interactively. In the future, a miniature camera may make it possible tools via computer. Why not a to beam images from remote spots to a home \$9 million Rembrandt paint- base, such as a newsroom or a television

Mr. Pavlik said the workstation, if eventually shrunk to an easily portable size, could become an important information-gathering tool, giving "better access through wireless technologies to a wide spectrum of information, including the Internet, but also to remotely located experts and editors." It could provide immediate context for report-

ing, he added, leading to greater accuracy. The project was not originally developed

Mr. Feiner was researching what is called mobile augmented reality when he and Mr. Pavlik realized its journalistic possibilities. Mr. Feiner said he hoped to make the workstation no larger than a handheld radio and reduce the cost to about \$150 so that it would appeal to ordinary consumers. He said travelers could use it as an aid in exploring cities, something akin to a Michelin guide.

The Office of Naval Research has less pedestrian uses in mind: It wants the workstation to provide information to soldiers on a battlefield. Dr. Larry Rosenblum, a researcher at the Naval Research Laboratories, said. "We want to give a Marine a natural interface without having him have to stop and punch into a computer.'

Two professors at Columbia University in New York GLOBAL are working on a prototype system that would POSITIONING SATELLITE SYSTEM enable journalists on assignment, and others, to download information from the Internet and provide Information about Tells the system their surroundings. where the user is Although the system is in its early stages, and what he is here is how it works, for now. looking at, give or GOGGLES AND HEADGEAR Display information about the surroundings. Sensors tell the system which way the wearer's head is turned so the system knows what he is looking at. Through the goggles, the user sees his and a menu of The system's nerve center. WIRELESS RADIO NETWORK For connecting to the Internet and the user home base HAND-HELD COMPUTER For controlling the system. BATTERY PACK RADIO MODEN Used by the global positioning system. Tobias Höllerer, a graduate student rorking on the design of the mobile journal

**ALT** /Commentary

## Free PCs Should Make Economic Sense Soon

Ruby Washington/New York Times Photo

By Elizabeth Corcoran Washington Post Service

TASHINGTON — How much do you plan on paying for your next personal computer? \$1,000? Less? Is there any chance that someone — other than your somewhat geeky uncle Joe - will give you one for free? The idea of "free" PCs isn't as far-fetched as it may sound. We already expect to get cellular phones and cable set-top boxes for free when we sign up for those services. Computers may not be far behind.

Just ask Andy Grove, chairman of the chip-maker Intel Corp. A couple of months ago, he did a simple mathematical experiment — namely, comparing the cost of a computer with what people pay to get on the Internet. What he found surprised him. For many consumers, the cost of to be on-line.

Here's how the numbers work: Personal-computer prices are on a long downhill run. According to the research concern PC

Data, the average price consumers paid for a

personal computer running Microsoft's Windows 98 operating system in November was \$993. By all accounts, computer prices are likely to keep edging downward. In November, International Business Machines Corp. announced its on the network, Mr. Arlen said. Aptiva D1N, priced at \$599 — without a monitor.

That machine sold out quickly, and the trend is on-line, from about 8 P.M. to 2 A.M.; telecomclear. The most radical offer so far is from a South munications networks are strained to capacity, he

centimeter) monitor. Analysts say emachines is losing money on every sale.

But just to be conservative, let's assume for this year, we can divide that cost by the length of time that people own their machines and come up with 'annual computer cost."

Mr. Grove estimated that most consumers used their PCs about four years. That comes to less than \$21 a month.

What are people spending to be on-line every month? Gary Arlen, who runs a market-research finished a survey of Internet dial-up services and found that most firms charged about \$20 a month owning a PC is about the same as the fees they pay for Internet access. The principal exception was America Online Inc., which typically charged \$22

NO THERE ARE NO SIGNS, Mr. Arlen said, that those costs are coming down. A few years ago, data messages were almost invisible as they whizzed across telephone net-works, swamped by voice traffic. No more. Now data communications have become a "burden"

Korean-owned start-up called emachines Inc., said. As a result, he said, "there's every reason to based in Fremont, California, which sells a fully believe" that these charges will stay in the mid-

configured PC for \$499 with a small 14-inch (36-\$20 range for the foreseeable future. Admittedly, it is far easier for most of us to dig

up \$20 or so a month than it is to come up with \$1,000 for a personal computer. But to Mr. Grove, comparison that the price many people will pay for a personal computer is about \$1,000. Because the implications are as clear as lines drawn on a most people use their computers for more than a white napkin: The trend lines have crossed. PC prices are going to keep edging downward, while Internet access fees are constant at best. What does it mean?

workstation, demon-

strates the system...

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Maria Walter Walter

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Tarakar.

To Mr. Grove, it means that the Internet era is a communications revolution rather than a computing revolution.

He, like many other high-tech executives, wonders why governments have not moved more firm in Bethesda, Maryland, said his team had just ... aggressively to force telecommunications companies to cut their prices or to open up high-speed Internet access at lower prices.

Mr. Grove says people should think harder about how to help schools and children afford Internet fees rather than bemoan the fact that PCs are still too expensive for many children, because every day, that PC costs less than it did the day

Still, executives such as Michael Dell and his Dell Computer Corp. are not likely to start giving PCs away yet. But sometime over the next couple of years, some clever entrepreneurs will probably figure out a way to sell a new Internet service by throwing in the machine that gets you on the Internet. I can hardly wait.

> Elizabeth Corcoran can be e-mailed at: corcorane@washpost.com;

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WHAT AM I BID? Home shoppers can buy airline tickets, Beanie Babies and garden

BRIEFLY

Sotheby's, the New York auction house, will spend \$25 million to launch sothebys.com, an Internet site where the public will be able to bid on antiques, art, jewelry, sports memorabilia and other collectibles.

The value of items on the virtual auction block initially will be capped at about as a reporter's tool. \$10,000. More expensive Mr. Feiner was re items will be posted when imaging technology improves enough to give clear views of items from multiple angles.

Sotheby's first major on-line auction, planned for July, will feature baseball memorabilia. Officials at Christie's, another leading New York auction house, said they were also considering an on-line auction site. (AP)

DON'T TOUCH THAT DIAL: NTL Inc., Britain's third-largest cable company, is offering Internet access through television sets without a separate PC.

TV Internet customers will pay £15 (\$25) a month for unlimited Internet access through a decoder box that connects to their TV and

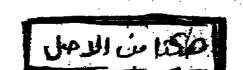
The service will operate at speeds up to 56 kilobits a second, the fastest available through a traditional telephone line. (Bloomberg)

MAKE IT SIMPLE: In

an effort to make it easier for new computer buyers to get on-line, Dell Computer Corp. is teaming with AT&T Corp., Excite Inc. and SBC Communications Inc. to offer a package of Internet hookups. Buyers of Dell computers will be offered Internet service through AT&T and then will be taken directly to an Excite site on the World Wide Web. The move by the No. 1 direct seller of PCs follows similar offerings from Com-

In recent months, PC makers have been pushing to offer fast, easy Internet access to woo home PC buyers. Apple Computer Inc.'s sales of its new Internet-ready of its new Internet-ready iMac, for example, are soar-ing, and the No. 1 PC maker, Compaq, unveiled an agreement in June to link its users with Yahoo! Inc.'s Internet (Bloomberg)

paq Computer Corp. and Gateway Inc.



### **WALL STREET WATCH**

## Assessing Risk Pays Off

make money.

go back there.

Chase Credits Its Safeguards for '98 Profit

By Timothy L. O'Brien
New York Times Service

NEW YORK - What's the difference between being rich and being poor, a joke currently making the rounds on Wall Street asks. Answer: About 30 seconds

These days, huge sums of money are being made and lost — lately, said Marc Shapiro, vice chairman for mostly lost — at unforgiving speeds.
Many of the financial-services industry's biggest players, battered by global economic turmoil and rapidfire market shifts, have reported dismal earnings for 1998.

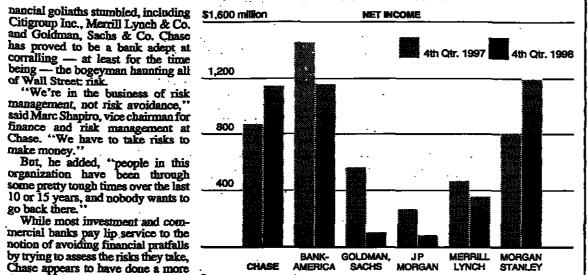
But not Chase Manhattan Corp. Amid the wreckage of a volatile year that included the near-collapse of one of the most esteemed hedge mercial banks pay lip service to the funds, the ouster or replacement of notion of avoiding financial pratfalls funds, the ouster or replacement of several well-regarded banking executives and a broad retreat from speculative markets overseas, Chase

still raked in gobs of money. Chase posted an operating profit as much an art as a science, of course, Tuesday of \$4.02 billion for 1998, a 4.4 percent increase from 1997. By comparison, J.P. Morgan & Co., a banking company with a long-standing reputation for financial acumen, had operating earnings of \$1 billion in 1998, down 32 percent from a year

Chase's performance is all the more remarkable for having oc-curred in a year in which other fi-Capital Management LP, a hedge When Chase lost

Raking It In

Arnid the wreckage of a volatile year and a broad retreat from speculative markets overseas, Chase is one of the few large financial companies reporting trading gains and bigger profits.



fund once operated by some of the smartest people in the business.

Sources: company reports

BankAmerica, also benefits from the Chase was better prepared than its global rivals to ride out the chaos that For banks venturing into risky gripped financial markets after the trading, size is perhaps the ultimate sian economy collapsed last — in large part because it safeguard, simply because no model anticipates every potential catastrolearned some important lessons from phe, a point driven home by the near- trading losses it incurred a year earli-

When Chase lost about \$100 mil-

lion in Latin American trading in 1997, the bank had what it believed were adequate safeguards to prevent heavy damage from errant trades or loans. Its risk models were also constructed so that losses would not exceed \$500 million when markets went unexpectedly haywire. But the

See CHASE, Page 12

# Brazil's Next Battle: Pass Laws to Trim Deficit

By Larry Rohter New York Times Service

BRASILIA — The battle to prop up Brazil's currency has already been intended to reduce a huge budget deficit and calm investors.

including a vote on a plan to tax civil an existing tax on fin servants pensions that could come tions such as checks. late Wednesday or Thursday - is

currency, and that whole process is at the month by virtually the same marwith the political consultancy Santa Fe Ideias, told Reuters.

thorough job of actually practicing

what it preaches. Risk management is

insulation granted by its sheer size.

The most controversial of the mealost in a costly confrontation with sures is an attempt to reform the social international markets. Now, in an at-security system that the two houses of tempt to preserve what remains of its the Brazilian Congress have already economic program, the Brazilian gov- rejected a total of four times, most ermment is trying to pass legislation recently in December. But no less im- percent in late trading Wednesday, portant, as foreign investors and lenders have made clear, is a proposal A series of crucial votes in Conthat would swell the government's gress during the next few weeks coffers by increasing and prolonging

risk," Ricardo Pedreira, an analyst gin, but because the proposal would result in an amendment to the constitution, the 81-member body was required to confirm its earlier decision.

Encouraged by that action and other signs that stability may be returning after two weeks of financial turmoil, the Brazilian stock market was up 4.4 putting the stock market's gains for the year at more than 13 percent. The real slipped late in the day, with the dollar rising to 1.5750 reals from 1.5600

"The country is going through a levy, by a 64-to-12 vote. The senators success in getting what it wants and delicate period of transition with its had approved the measure earlier in must cobble together from a five-

party coalition not just a simple majority but more than 60 percent of the

[Government whips were working feverishly Wednesday to get the social security reform measure passed, Reuters reported. There was no set timetable for the day's legislative proceedings, but the government was seeking to call a vote based on the urgency of the bill.]

In a speech to the nation last week, President Fernando Henrique Cardoso said prompt action on the fiscal expected to determine quickly whethon Tuesday decisively approved the next week, is much less certain.

There, the government has had less in compliance with the IMF accord 6 percent from 1997.

513 members, or 308 deputies.

## Technology Shares Gain, **But Blue Chips End Lower**

NEW YORK -- Technology stocks, led by Microsoft Corp., powered the Nasdaq com-posite index higher Wednesday, while bluechip issues rose on positive earnings reports, only to give back gains as investors took profits near the market's close.

The technology-heavy Nasdaq finished 7.05 points higher at 2,415.22 as investors cheered the news of a sharp earnings gain at Microsoft and the software giant's prediction of solid growth in personal-computer sales. (Related article below)

The Dow Jones industrial average closed at 9,335.91, down 19.31 points, with advancing issues leading declining ones by a 10-to-9 ratio on the New York Stock Exchange. Broader market indicators were slightly

higher, with the Standard & Poor's 500-stock index rising 4.58 points to close at 1,256.62. The stock market registered little concern over comments by the Federal Reserve Board chairman, Alan Greenspan, that the level of

corporate earnings probably could not sustain stock prices at their current high levels. Stocks opened lower on concern that Mr. Greenspan, in testimony before the House Ways and Means Committee, would reiterate

his 1996 admonition about "irrational exuberance" in the stock market. However, Mr. Greenspan also signaled that he was unlikely to take any action soon to try to arrest the market's advances, saying that

'policymakers are going to have to be particularly wary of actions that unnecessarily sow uncertainties," Heary Willmore, senior economist at Barclays Capital, took that to mean that the

Fed would not ease credit soon but would not tighten it either. 'The stock market would have gone down

sharply if he had said something that indicates that he is leaning toward a tightening of monetary policy," Mr. Willmore said. "And I would describe his comments as pretty evenhanded or neutral.'

Stocks also were helped by a number of unexpectedly strong earnings reports from major U.S. companies:

• General Motors Corp. overcame last summer's strikes and weak results overseas to post a record fourth-quarter profit of \$1.8 billion, up 8 percent over the same period last year. The world's largest automaker said revenue for the three months ended Dec. 31 was \$46.4 billion, down 2 percent from a year

'Overseas results are still kind of tough, but they're being overwhelmed by good results in North America," said David Healy, ananalyst of Burnham Securities Inc. For the year, GM earned \$3 billion, down

tax measure in the lower chamber, Brazil was to restore its credibility. 53 percent from the 1997 figure. The decline crosoft's current federal antitrust trial except As had been predicted, the Senate where it is expected to come to a vote He estimated that 70 percent of the largely reflected the cost of the strikes. Rev- to note that general and administrative costs enue for the year totaled \$161.3 billion, down had risen to \$149 million from \$106 million,

The performance will result in profit-sharing checks of about \$200 for 231,000 union workers in the United States. That compares with 1997's profit-sharing total of \$750. Salaried workers will get \$200 each, or 1 percent of their base salary, whichever is higher. GM shares rose \$1.125 to \$89.125.

• Texas Instruments Inc. said it swung back into profit in the fourth quarter thanks to record sales of chips that translate electrical signals from devices such as cellular phones into the digital bits computers can read.

The company, which restructured last year to cut costs and jettison its memory chip business, said it earned \$189 million in the quarter. That compared with a loss of \$285 million a year earlier. Excluding one-time items, Texas Instruments earned \$237 million, well ahead of Wall Street estimates. Its shares rose \$6.625 to close at \$99.625.

• General Electric Co. reported a 13.7 percent jump in fourth-quarter earnings, to \$2.67 billion, on a 7 percent increase in revenue, to \$28.63 billion.

For all of 1998, the aerospace, consumer electronics and financial services conglomerate earned \$9.29 billion on revenues of \$100.5 billion, compared with profit of \$8.2

See MARKET, Page 12

#### Microsoft Shares Surge On Record Net for Quarter

The Associated Press

SEATTLE — Microsoft Corp.'s shares surged Wednesday after the world leader in personal-computer software posted a 75 percent increase in its second-quarter profit, handily beating expectations, on strong growth in PC shipments at the holidays.

Microsoft had record net income of \$1.98 billion for the quarter that ended Dec. 31, up from \$1.13 billion a year earlier. Revenue was also a record at \$4.94 billion, up 38 percent.

The results, released after the close of financial markets Tuesday, sent Microsoft's stock price up \$6.875 to close at \$162.50 on the Nasdaq stock exchange.

'Every now and again they have a quarter that really takes your breath away," said Scott McAdams of McAdams Wright Ragen.

Greg Maffei, chief financial officer, said he expected Microsoft to perform well through the end of its financial year June 30 but cantioned that there were uncertainties about Asia and Latin America as well as the effect of the year 2000 computer bug on software sales.

MI. MAHEI II "due in part to higher legal costs."



Russia's first deputy prime minister, Yuri Maslyukov, at a news conference Wednesday in Moscow. He and other Russian officials expressed hope that an IMF mission would approve new loans. Page 13.

## EU Signals a Cut in Growth Forecasts

BRUSSELS - The European day for the first time that it might have Thibault de Silguy, said. to reduce its 1999 growth forecasts for the European Union because of the damage done to business conthe damage done to business conlook were "the same for both the tions' public finances were yet in line

been damaged, and investment and that the 11-nation euro zone would industrial output will be lower than show 2.6 percent growth in 1999.

A failure to adjust could lead to tighter monetary conditions later, the

autumn forecast of 2.4 percent gross domestic product growth in the 15nation EU in 1999 would therefore to the dollar is not causing me any be revised downward when the next problems," Mr. de Silguy said.

not be going so well as they were letup in government efforts to reduce stability pact.

when we made our forecasts last budget deficits. "Budgetary posi-annum," the European commis-Commission acknowledged Wednes- sioner for monetary affairs, Yves- are necessary in order to allow for

fidence by the global financial crisis. euro zone and 15-nation European with the Stability and Growth Pact. "Recent evidence suggests that Union" but declined to be more spedespite strong economic fundament- cific. He said the next forecasts als in Europe and robust consumer would be released March 30. Last in deficits of more than I percent of confidence, business confidence has autumn, the EU executive forecast GDP would be appropriate, the re-

forecasts of the commission's serpean currencies against the dollar at report said. It also added that until budgets were fully in line with the said in a statement accompanying its factor that would hold down growth annual economic report.

in 1999, but he said the current level are likely to play a very important.

The report said it was "likely" the of the U.S. currency against the euro role in the macroeconomic

was not worrying.
"The level of the euro compared

sufficient scope for further budget-

Therefore, in the euro area as a whole, a further structural decrease port said.

stability pact, "monetary conditions

But Mr. de Silguy dismissed fears expressed by the European Central Bank that countries were backsliding Mr. De Silguy said that despite on their commitment to achieve balforecasts were released.

Mr. De Silguy said that despite on their commitment to achieve balwe know that in 1999 things will slower growth there should be no anced budgets as required by the

## Asian Recovery 'Fragile,' World Bank Aide Says

gree Smill Rioemberg News BANGKOK — The recovery prospects of the economies of Thailand, Indonesia and South Korea remain "fragile" because of weak domestic de-mand and "external shocks" such as the Brazilian currency devaluation, a World Bank official said Wednesday.

Jean-Michel Severino, vice some recessions — Thainesident for the East Asia land's economy contracted 8 and Pacific Region of the workd Bank, said many Asian governments had put many of the right policies in place, such as increased deficit spending and frameworks for the conomy contracted 8 asia needs to become more efficient by cutting costs. There will also be a "considerable" increase in unemployment this year, he said.

Mr. Severino said people should not blame the later. spending and frameworks for ternal shocks."

should not blame the Inter-

bated difficulties.
"When somebody is sick, they accuse the doctor," he said. "The IMF did not create the crisis and recessions. It was the international community who created it. And people should separate between causes and consequences."

#### ■ IMF Admits Mistakes

Paul Blustein of The Washington Post reported earlier from Washington:

The International Monetary Fund, acknowledging some mistakes in its rescues of Thailand, South Korea and Indonesia in 1997 and 1998, said it had underestimated the severity of those countries'

But in a report on the Asian crisis, the Fund largely rejected criticism that it had made the crisis worse by insisting that the governments adopt painful economic policies such as high interest rates.



#### reporate debt restructuring. Companies and creditors national Monetary Fund, Still, he said, the severity of need to speed debt restructure, which arranged multibillioncorporate debt restructuring.

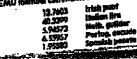
Cross Rates

\$ £ \$F Yea \$C\$ Dinne Greek Swede Argent pase 0.995 htms, farint \$2.64 \text{ Navalends}\$ \$1.857 \$500, horses 34.81 \$1.8474 \$2.2865 \$186.98 \$2.5131 \$10.592 \$459.42 \$12.7336 \text{ Navalent pase 0.2955 htms, repts 1.556 htms, repts 1.556 htms, repts 1.550 htms, rept 1.6474

1,1584 0,7015 1,6028 131.69 1,7703 7,4365 322.95 8,96 Source Associated Press. L4044 0,8462 1,9293 161.29 2,1416 8,9989 399.68 11,0033 European Cross Rates

s: Ye buy one paints is To buy one dollar. SDR: Special drawing again of the IMF. Season: Bank of Tetra-Militablehi (Telgo): Rajal Bank of Canada (Terordo); Ban Trance (evel: TAF (SDR). Other data from Reviers.

Euro Vaiues Person rates of the EMU to



**CURRENCY RATES** 

Jan. 20 Other Dollar Values

11.884 34.841 5.1352 5.6654 1.6892 0.68021.67206 1.9033 173.16 143.70

79.9718 57.037 8.445 9.395 2.760 1.77122.75485 2.177 285.45 224.899 9.57 3.2434 22.14 20.07 67.30 147.14 6.30 59.73 0.44 0.7912

#### Very briefly:

 Newport News Shipbuilding and Avondale Industries Inc. announced a \$470 million merger, creating a company they said would be capable of designing, building and maintaining the entire U.S. Navy fleet. Avondale shareholders will receive 1.196 Newport News shares for each Avondale share.

 Argentinian banks' prime rates have risen to 15.77 percent from 9.27 percent a week ago as the banks' financing costs soared in the wake of the Brazilian currency devaluation.

 AlliedSignal Inc. is seeking an acquisition priced from \$3 billion to \$8 billion to broaden its product lineup.

 Chancellor Media Corp. hired BT Alex. Brown to explore a sale of the radio, television and billboard company.

• The U.S. semiconductor industry's book-to-bill ratio, which measures demand for American tools used in making computer chips, rose to 0.94 in December from 0.84 in November as orders climbed for a third month. A ratio higher than 1.00 indicates a growing market.

 Cisco Systems Inc. said it was close to introducing a device that would allow communications carriers to route voice, video and data traffic on a single system at much lower costs.

• Chesapeake Corp. agreed to buy Field Group PLC for £194 million (\$321.7 million) to give the maker of napkins and paper towels a foothold in the high-margin market for specialty packaging in Europe. NYT, AP, Bloomberg, Reuters

#### **Putnam Hires Morgan Analyst**

LONDON - Avinash Persaud, a noted currency analyst, has been hired from J.P. Morgan & Co. by Putnam Investments Inc., a Boston-based fund manager, for a new position as head of currency, Putnam said Wednesday.

Mr. Persaud will join Putnam next month as a managing director. He has worked for J.P. Morgan in London since Policy Commission meeting next 1993, most recently as head of foreign-exchange research.

U. S. STOCK MARKET DIARY

#### U.S. Outlook CHASE: Bank Credits Its Risk-Management Techniques for Profitable 1998 Continued from Page 11 On Rates bank with actually losing as much as \$500 mil-

interest rates further.

Societe Generale in New York.

While the U.S. economy is re-

garded as robust, dealers said the

FOREIGN EXCHANGE

European rates were possible be-cause of falling wholesale prices in a

number of large European econo-mies and weak exports almost

everywhere in the European Union. In 4 P.M. trading, the euro de-clined to \$1.1565 from \$1.1622 at

Mr. Greenspan told the House Ways and Means Committee that

the euro's threat to the dollar's

status as the world's premier reserve

there were no signs that foreign in-

European currency came into ex-

by the Japanese government to see-

ing its currency strengthen any fur-

it doesn't want the dollar to fall

below 110 yen," said Ku Shin, di-

rector of Asia analysis at First

Chicago Capital Markets. The dol-

lar was quoted at 112.955 yen, com-

The dollar also was quoted at

1.3880 Swiss francs, up from 1.3760

\$1.6560. Traders said the pound was

weaker against the dollar on ex-

pectations that the Bank of England

would cut its repurchase rate by 25

to 50 basis points at its Monetary

month. (Bridge News, AFP)

pared with 113.450 yen Tuesday.

stors had become more reluctant

the close Tuesday.

istence Jan. 1.

lion — a disquieting prospect that Chase's senior management worked overtime to figure out how **Lifts Dollar** to avoid repeating. The bank scaled back its outer limit for ac-Compiled by Our Staff From Disposches ceptable losses to \$250 million and overhauled the

way it thought about risk. Earlier, the bank be-lieved that financial blowups were relatively iso-NEW YORK — The dollar rose against the euro Wednesday on exlated from one another, so that economic problems pectations that U.S. interest rates will remain unchanged while Euroin South Korea, for example, would not affect its positions in Latin America. That, of course, pean rates may still fall further. proved to be wrong, as the rest of the world has learned in the past 18 months from the spread of Dealers said comments by the chairman of the Federal Reserve

the financial crisis that began in Southeast Asia. Board, Alan Greenspan, that U.S. Chase began "stress-testing" its entire trading and loan portfolio in late 1997 to analyze how stock prices may be difficult to sustain af current levels had reinforced well those portfolios would perform in unforethe market view that the U.S. central seen market downturns. This meant devising bank would be wary about cutting plots that re-created disasters that had already occurred, such as the 1987 stock-market col-"The Fed is on hold, and we are getting confirmation on that," said lapse, disasters that might occur, such as a sudden Steve Gallagher, chief economist at downturn in oil prices, and other similar events. The bank's risk managers then analyzed the

scenarios' impact on Chase. Chase now runs eight to 10 of these scenarios against the bank's 250,000 trading positions each month as well as relying on the gut instincts and experience of managers and traders to decide market still believed that lower where any soft spots might lurk.

"When you lose money in adverse markets, you don't lose it on a broad portfolio position,' said Leslie Daniels Webster, head of risk man-

ficult. That allows us to triage our risk very To get traders and loan officers to accept the new regime, Chase also implemented an incentive package that essentially reduced com-

Even though Chase executives were as surprised as anybody else when the Russian cur-

returns. The result was a more conservative risk

People in this organization have been through some pretty tough times, and nobody wants to go back there.

rency collapsed in late August, the changes they had made helped steel the bank for the ordeal. While not anticipating Russia as the trigger, they had already prepared a model in which investors rushed into bonds from stocks. That left the bank well positioned to take advantage of the ensuing panic, despite taking a charge of \$200 million largely related to Russia and being dangerously

exposed to Long Term Capital.
"One thing I said to people at the time was that

Il percent of the trades that are potentially dif-ficult. That allows we have potentially dif-

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Even so, Chase clearly benefited from strong foreign-exchange trading in October and the absence of a sizable equity operation that might have suffered when stock prices plummeted and understanding the stock plummeted and understand the stock plummeted and understanding the stock plummeted and understanding the stock plummeted and understanding the stock pl derwriting of new shares dried up in the autumn, pensation if greater risks did not deliver greater

Some analysts remain skeptical about the extent to which superior risk-management practices guided Chase's performance, noting that Morgan Stanley & Co. also turned in a bravura performance for 1998 without trumpeting its risk-

management skills. "We'll never know how much of this was purely bener risk management and how much was dumb luck," said Raphael Soifer of Brown Brothers Harriman. "Chase and Morgan Stanley exercised good management judgment in allowing traders to scale back before things got bad last summer. But even Morgan Stanley admitted it wasn't risk management but just good management that got them through this."

Other analysts said that risk management had played a crucial role in Chase's performance but that the bank's size and business mix also helped distinguish it from competitors.

'I do think that their basic risk-management skills were vindicated here because of the quality of the stress-testing," said Judah Kraushaar of Merrill Lynch, "But risk management is not the only explanation for their performance. I think this was like a final exam and everything we had been preparing for was being tested," said Mr. Shapiro, the vice chairman for risk. "I think and I think they've advanced to a point where where most people run into trouble is that if their their business is less volatile than many of their agement for trading operations. "It's only about natural business doesn't give them an acceptable peers in banking and on Wall Street."

### MARKET: Technology Shares Push Higher, but Dow Falters in Late Trading

Continued from Page 11

billion on \$91 billion in 1997 revcurrency was only modest and that enue. The company added that revenues derived from operations out-side the United States continued to grow in 1998, noting that 70 of its 108 acquisitions last year were made abroad. GE shares fell \$1.25 to hold the U.S. currency since the The dollar was lower against the to close at \$100.1875. In other earnings news:

yen, with dealers saying the market was reluctant to push the U.S. cur-• Bristol-Myers Squibb Co., the second-largest U.S. drugmaker, said fourth-quarter profit before charges rency lower in the face of opposition rose 13 percent, to \$908 million, on a 10 percent increase in sales, to \$4.89 billion. Bristol-Myers shares "The dollar will remain boxed in a tight range, as Japan made it clear rose \$1.9375 to \$123.4375.

• Caterpillar Inc. saw its fourth- rose 71 percent to a record \$349.9 Nabisco Holdings and other tobacco quarter profit tumble 33 percent as global financial turmoil reduced demand for its heavy machinery and corp. and increased lending to constrong sales of smaller equipment sumers. Household failed to offset the losses, the com-

that rose 4.2 percent, to \$5.41 billion. The results matched Wall cents to \$43.1875.

the second-largest U.S. consumer unchanged at \$33.50. lender, said fourth-quarter profit

sumers. Household shares rose

• Weyerhaeuser Co. said profit Pany said.

• Weyerhaeuser Co. said promit Net income for the period ended for the fourth quarter was down 69 Dec. 31 fell to \$301 million on sales percent, to \$30 million, on declining wood prices, while Boise Cascade Corp., the fifth-largest U.S. paper Street expectations, according to a company, posted a 5.6 percent rise survey of analysts by First Call in earnings on lower costs and highcompany, posted a 5.6 percent rise Corp. The company's stock fell 75 er profit from building materials. Weyerhaeuser shares finished up 50 • Household International Inc., cents at \$56. Boise Cascade was

companies fell after President Bill Clinton said the U.S. government would sue cigarette makers to recoup billions of dollars spent treating sick smokers. Among active issues, shares of

Dell Computer, Hewlett-Packard and other personal-computer makers rallied on the outlook for PC

Bond prices fell on reduced pros-pects for a cut in U.S. interest rates. The benchmark 30-year Treasury issue fell 10/32 to 101 6/32, pushing the yield to 5.17 percent from 5.15

(AP, AFP, Reuters, Bloomberg)

### GREENSPAN: Fed Chief Opposes Investing Public Funds in Private Securities

Continued from Page 1

3880 Swiss francs, up from 1.3760 "sparkling economic performancs." of the past eight years in part to reduced inflation, enhanced competitiveness "and the flexibility and adaptability of our businesses' that have "enabled them to take advantage of a rapid pace of technological change.

"Clearly," he said, "we use both domestic savings and imported fi-

industrial countries."

He also said a "drift toward protectionist trade policies" would be asset prices: "a much greater threat than is generally understood." Some U.S. industries, steelmaking for example, have complained that low-priced

imports should be limited.

nancial capital in a highly efficient rely on stock-market investments be able to allocate capital in such an manner, apparently more efficiently for their savings, Mr. Greenspan than many, if not most, other major said it was important to maintain the flexibility of business and labor that have encouraged the rise in U.S.

Shares of Philip Morris, RJR

This required that investments be channeled to the most "productive answer to Mr. Archer's question indicated that he did not believe gov-

efficient manner. Mr. Greenspan said it was "im-

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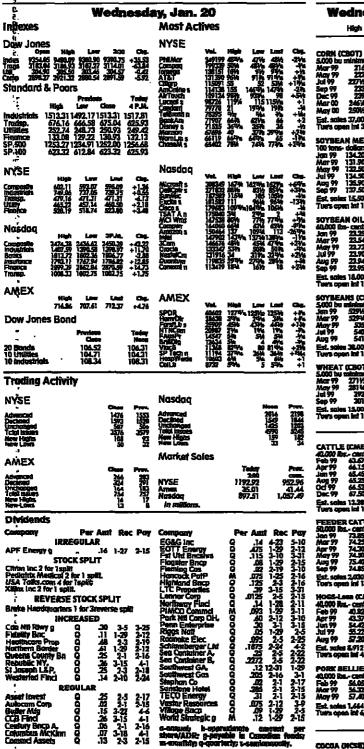
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portant not to undermine the highly sensitive ongoing process of real-location of capital from less to more productive uses." It was this "continuous churning, this so-called creuses," he said in his statement. His arive destruction, that has become so ! essential to the effective deployment of advanced technologies by Because Americans increasingly ernment-run pension funds would this country over recent decades.

#### INTERNATIONAL FUTURES

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## SBC to Buy Comcast Cellular Unit

PHILADELPHIA — Comcast Corp. said Wednesday that it was selling its cellular telephone operations to SBC Communications Inc. for about \$1.7 billion.

The deal underscores the rapid transformation in the U.S. telecommunications industry, where providers of traditional expected from cellular phones.

SBC, based in San Antonio, Texas, has 6.5 million cellular subscribers in 16 states and the District of Columbia, while Comeast has about 850,000 cellular customers.

Brian Roberts, the president of Comcast, said the company planned to focus on its cable television systems and pro-

gramming businesses.

The chief executive of SBC Wireless, Stan Sigman, said the addition of Comcast Cellular would enable SBC to offer a greater breadth of services.

### INTEREST RATES

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Don't miss the upcoming section:

Investing in European Real Estate on January 26, 1999

Herald Teribune THE WORLD'S DAILY NEWSPAPER

## DaimlerChrysler Puts **Businesses on Track**

staff,

DaimlerChrysler also said Wed-

tegic portfolio. ABB is the Stock-holm-listed holding company that shares control of Swedish-Swiss

electrical and engineering group ABB Asea Brown Boveri Ltd. with Zurich-listed ABB AG.

existing supply contracts would remain in effect. The transaction is

subject to customary approvals.

Adtranz, the world's largest

maker of railcars, has marketing, development and production activ-

ities in 60 nations and branch offices

and servicing and maintenance.

of \$3.7 billion.

revenue to top the year-earlier figure

DaimlerChrysler shares closed

MOSCOW — Severely strapped

ment expressed hope Wednesday

that a fresh look at its economy by

could clear the way for more loans

meet its scheduled debt repayments

as early as next month.

Finance Minister

Moscow on Wednesday.

DaimlerChrysler and ABB said

FRANKFURT — Daimler-Chrysler AG moved forward on two from Wednesday by consideration and employed 1,350 fronts Wednesday by consolidating s financial-services activities into a percent of Adranz AG, a railroad venture, that it did not already own. The auto and transportation group said the creation of a single final single unit and by buying the 50 percent of Adtranz AG, a railroad

said the creation of a single financial-services business would make it the world's fourth-largest nonbank provider of such services. The new subsidiary, which will boast an asset portfolio worth \$81 billion and revenue of \$10 billion, will be Daimler-Chrysler's biggest earner after its core automotive activities.

"Both companies have highly successful auto-leasing and -financing activities that promote sales of DaimlerChrysler products," the group said, referring to the former Daimler-Benz AG and Chrysler

Daimler-Benz AG and Chrysler in 40 more. Its portfolio includes a variety of rail equipment as well as signal and traffic-control systems, fixed installations, infrastructure, North American market: The merged financial-services unit genmerged financial-services unit gen-erated 40 percent of its pro-forma 24,000 people, said it expected 1998 1998 revenue in the United States and two-thirds in North America.

The merged business will be part of the DaimlerChrysler Services AG Wednesday in Frankfurt at 92.35 unit, known as Debis, and will be headed by the current chairman of Debis, Klaus Mangold. Global kronor (\$107.33), up 2.15. ABB's A shares closed in Stockholm at 79 kronor (\$10.20), up 3. unit, known as Debis, and will be headquarters will be in Berlin, and North American activities will be run from Chrysler Financial Co.'s offices in Southfield, Michigan.

"As in the DaimlerChrysler auto businesses, there will be a clear separation of brands in financial services, while achieving significant back-office synergies," the company said. "Beyond auto financing and for cash and in partial default on foreign loans, the Russian governleasing. Debis will focus on further growth of nonautomotive leasing and nancing, such as ship financing, arcraft leasing or the structuring and the International Monetary Fund implementation of complex financing models and fund packages."

The consolidation will take place in two steps. In North America, Mercedes-Benz Credit Corp. and Chrysler Financial will merge to form DaimlerChrysler Financial Services North America. In Europe, the Finanzdienstleistungs GmbH unit will be incorporated into Debis.

rest of its foreign debts.

An IMF mission was Moscow on Wednesday.

## From Lada to Opel?

Russian Carmaker Ponders GM Deal

Bridge News

MOSCOW — AO Avtovaz, the largest Rússian carmaker, will be reorganized as a holding company this year and by 2005 may be producing cars modified to with-stand the Russian winter for Gencral Motors Corp.'s Opel subsi-

Avtovaz's chief engineer, Vladimir Peresypkinski, said in a recent interview that the company Lada cars — planned to design and produce a modified version of the Opel Astra T-3000 adapted to Russian weather and road con-

Opel and Avtovaz specialists are carrying out a feasibility study for the new model, which would sell for an estimated \$14,000 to

Foreign cars remain popular in Russia despite its harsh winters and notoriously potholed roads, which combine to wreak havoc on Western models built for easier driving environments.

"We are now evaluating pros-pects for production, but it is hard to tell precisely when it can start,"
Mr. Peresypkinski said.

Sales at Avtovaz fell about 20 percent, to 594,000 vehicles, in 1998 because of a sudden drop in demand as the Russian economy models.

deteriorated. Analysis Avtovaz has been struggling for years because of poor marketing lack of domestic demand and inability to produce a car that would

meet the market's needs. But the company has begun a reorganization that it hopes will bolster sales significantly.
"The transformation of the

marketing system will be geared toward the development of a - best known in the West for its dense sales network across Russia," its vice president, Konstantin Sakharov, said.

Twenty regional sales agencies have been set up already, he ad-

Once the restructuring is completed in about three years, Mr. Sakharov said, major production lines will be centered at one main plant. He added that the company would transform auxiliary facilities into a number of subsidi-

The company plans to produce as many as 657,000 vehicles this year and to export 118,000 vehicles to 49 countries outside the Commonwealth of Independent

The short-term drop in sales is over, Mr. Sakharov said, and the company now is seeing a period of "booming demand" for all its

## Scandinavian Investor's Europe **Phone Firms** Set to Merge

OSLO - Sweden and Norway announced plans Wednesday to merge their state telephone companies and to allow the public to buy shares in the combined company by

the end of next year.

A merger of Telia AB of Sweden and Telenor AS of Norway would create one of the largest companies in the Nordic region, with sales of more than 7 billion euros (\$8.14 billion) and about 50,000 employees. Sweden would own 60 percent and Norway 40 percent of the com-

pany.
"This new company will be very competitive," said the communications minister of Norway, Odd Einar Doerum.

In February 1998, the companies called off merger talks because the governments had failed to agree on a corporate structure. There is now broad political support for the mer-

The letter of intent has been approved by the governments of Sweden and Norway," Mr. Doerum

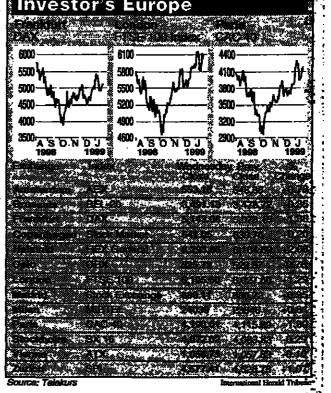
He said the deal would be presented to the legislatures of both countries for approval after an eightweek review.

Mr. Doerum said the combined company would be listed on stock exchanges no later than Dec. 31, 2000. He added that 33.2 percent of the company's shares would initially be offered to private in-

Telia employs about 32,000 people and had a profit of about 4 billion Swedish kronor (\$516.1 million) in 1997. Telenor employs 19,600 people and reported a profit of 1.9 billion Norwegian kroner (\$255.6 million) for 1997.

The new company would have its headquarters in Stockholm but The IMF mission is expected to On Tuesday, the Duma, the lower would be led by a Norwegian, Torremain in Moscow for at least three house of Parliament, approved the mod Harmansen, the managing diwould be led by a Norwegian, Torrector of Telenor. A Swede, Jan Stenberg, chairman of Telia, will be The International Monetary Fund chairman of the new company. Mr. Stenberg is also managing director of Scandinavian Airlines System, which is owned by Norway, Sweden

Some jobs are expected to be cut



#### Very briefly:

• Retail sales in Britain unexpectedly fell 0.9 percent in December, raising concern that the economy could slide into recession and increasing pressure for another cut in interest rates. Analysts had expected a gain of 0.1 percent. The decline followed a revised 0.9 percent gain in November.

• Elf Aquitaine SA and Royal Dutch/Shell Group declined to comment on talk in the financial markets that Shell planned ... a bid for its French rival or that the two companies would form a joint venture to cut costs. The speculation lifted Elf. Aquitaine shares 1.50 euros to 98.50 euros (\$114.48). Shares of Shell's two holding companies rose 8 pence to 340 pence (\$5.63) in London and fell 0.10 euro to 38.90 euros in

• Euro Disney SCA, the operating company for the Disneyland Paris theme park, reported a 2 percent increase in revenue for its first quarter, which ended Dec. 31. Revenue rose to 203 million curos, but high costs of debt financing largely offset an increase in spending by tourists.

 BASF AG, the German pharmaceutical and chemical giant, will cut a further 1,000 jobs at its plant in Ludwigshafen. It said, it had already cut 1,000 jobs there since October 1997.

• Baan NV, a Dutch software company, expects to post a net : loss of \$250 million for the fourth quarter, \$210 million of which reflects restructuring charges and revenue write, downs. Three months ago, Baan warned of financial weakness. because of lower corporate spending on information technology, particularly in the U.S. market.

• France's personal-computer market grew 21 percent last? year, with 3.4 million PCs sold, and should grow 15 percent this year as prices fall and consumers seek Internet access, according to a study by a market research firm, Gfk France.

Bloomberg, AFP, Bridge News,

#### WORLD STOCK MARKETS

**Amsterdam** 

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**Markets Closed** 

The stock markets in Bom-bay, Istanbul, Jakarta and Ku-ala Lumpur were closed Wednesday for a holiday.

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defaulted on some earlier obligations from the Soviet era.

Russia Still Hopes for IMF Loan

products, metals and alcohol.

Zadornov said that Russia would sides will meet Thursday when the four required readings in the first quarter of the year while it IMF team goes to the Finance Ministry for the opening round of talks. has criticized Russian officials hope the IMF as unrealistic. continued talks on rescheduling the An IMF mission was awaited in

will resume financial assistance, which was halted in August after Chrysler Financial posted revenue of \$3.1 billion in 1998 on an asset in the first quarter of this year. The portfolio of \$50 billion and employed 3,800 staff. Mercedes-Benz this debt, although it has already resume aid.

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IMF officials have said that any loans will hinge largely on Russia's Mr. Zadornov also promised that ability to approve and put into effect the government would refrain from a feasible budget. They have acprinting new money until the end of knowledged that a \$22.6 billion loan February, thanks in part to revenue package that was frozen after the from new taxes on petroleum crisis last summer has since been

weeks, longer than usual. The two draft 1999 budget in the second of

has criticized the projected budget

It also faulted the Russian government's plan to share some of its and Denmark. revenue with local governments, reduce export tariffs and cut some as a result of the merger, but there taxes in a bid to create an incentive were no estimates as to how many ber from November and was down 1.7 percent from a year.

(AP, AFP) might be eliminated. (AP, AFP)

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#### **Very briefly:**

• Nomura Securities Co. was fined 100 million year (\$88,000) and three of its former executives were sentenced to prison terms for making illegal payoffs in 1995 to the rack-eteer Ryuichi Koike. A former president, Hideo Sakamaki. and former managing director, Not utaka Fujikura, received one-year prison terms suspended for three years. Shimpei Matsuki, another former managing director, was sentenced to eight months in prison, suspended for three years.

· Hutchison Whampoa Ltd. of Hong Kong is planning to buy the largest European container handler, Europe Combined Terminals BV, for \$357 million; the deal could double Hutchison's share of the shipping trade in northern Europe.

• Siemens AG of Germany is forming a train-making joint venture in China with Zhuzhou Electrical Locomotive Works, China's largest train plant, and Zhuzhou Electric Locomotive Research, a maker of electronic components for rolling stock. Siemens will own 51 percent of the venture.

Taiwan's exports fell 9.4 percent in 1998 as demand from recession-bound Asian trading partners dried up. Exports account for about 40 percent of Taiwan's economic output.

• Singapore's exports fell 8.5 percent, to 7.74 billion Singapore (\$4.6 billion) in December from a year earlier as world demand for key electronic parts dropped. Singapore's total trade fell 7.5 percent in 1998, the first decline since 1986 chairman of the commission. and the biggest drop on record.

## Sanwa Sets Link With Toyo in Bid To Reform

TOKYO - Two more Japanese banks said Wednesday they had agreed to link up amid growing pressure on the country's banks to reform so that they can compete more effectively.

Sanwa Bank Ltd., a major commercial bank, said it had agreed to work with the smaller Toyo Trust & Banking Co. to promote sales of personal pension plans, which are expected to be introduced in Japan

as early as next year.

The presidents of both banks also said a full merger was being considered. Sanwa, a commercial bank, caters to retail customers, while trust banks such as Toyo specialize in managing funds for corporations, pensions and big individual in-

"The agreement allows us to cover our weak points, such as the small number of outlets and clients." said Nobuyoshi Takeuchi, Toyo Trust's president.

The deal comes as Japanese banks struggle to dispose of piles of bad loans left over from the collapse of property prices nearly a decade ago. On Tuesday. Chuo Trust & Bank-

ing Co. and Mitsui Trust & Banking Co. announced a tentative agreement to merge, and on Wednesday, Fuji Bank Ltd. said it was considering a closer link and a possible merger with Yasuda Trust & Banking Co. Ltd., in which holds the largest stake. Co. Ltd., in which it already

Japan's bank-reform commission warned the industry to clear up problem loans or face the possibility of getting no public financial aid.

We want major banks to finish their bad-loan liquidations by the end of this business year on March

## China to Shift Banks' Bad Loans

owned commercial banks by trans- sector before problems got worse. system technically insolvent. ferring their doubtful loans to separate companies.

commercial banks, the governor of debts of \$4.37 billion. the People's Bank of China, Dai

By allowing GTTC Xianglong, was quoted as saying sidiaries to go bankrupt, the gov-in the official China Daily. sidiaries to go bankrupt, the gov-ernment has signaled that it will no

The plan expands on an original plan to start a pilot debt-management plan with one of the four banks, China Construction Bank.

The page 1 The three other banks involved in the plan are Industrial & Commer-

and Agriculture Bank of China. Mr. Dai said the latest move to

The move comes in the wake of China plans to establish four national Trust & Investment Co., asset-management companies to or GITIC, China's second-biggest take over and try to recover some trust company, which was deof the bad debts of its four major clared bankrupt last week with

> By allowing GITIC and its subemment has signaled that it will no longer bail out insolvent financial

The paper gave few details of the plan, but Mr. Dai has estimated cial Bank of China, Bank of China that about 20 percent of China's bank loans, or more than 1 trillion yuan (\$120.8 billion), are nonperspin off banks' nonperforming forming and that 6 percent to 7

BEUING — The governor of Salomon Smith Barney in Hong billion. Years of governmentthe central bank outlined measures Kong, Guonan Ma, said the move ordered lending and risky invest-Wednesday to clean up the balance showed the government's deter- ments contributed to the debts that sheets of four debt-ridden state- mination to clean up the financial have left China's troubled banking

The weight of bad loans also has the collapse of Guangdong Inter-hampered efforts to overhaul banks to support other economic reforms, including modernizing the ailing state industrial sector.

The asset-management plan is modeled on the Resolution Trust Corp. set up to rescue U.S. savingsand-loan institutions, which encountered serious loan problems in the 1980s.

Mr. Dai also said a government crackdown on illegal foreign-ex-change transactions would continue this year to preserve foreign re-serves, the China Daily reported. Major targets will be banks in-

volved in foreign-exchange fraud, foreign-exchange black markets and people trying to take hard curloans was aimed at "presenting a percent are unrecoverable. Foreign rency abroad illegally, the news-clearer picture of the quality of the estimates have put nonperforming paper said. (AFP. AP)

## All Nippon Places Its Bet On a Lottery

Bloumberg News :: TOKYO — All Nippon Airways
Co. aims to revive its flagging fortunes with an on-board lottery, as
president, Kichisaburo Nomina

said Wednesday. "We'll do anything to generate money," he said at the start of the ANA 20th Century History Cam-

paign." the name of the lottery.
ANA has cut staff, slashed fares, put aircraft purchases on the back burner and scrapped some routes after posting losses in four of the past five years.

The campaign will hopefully lead to an improvement by summer," said Mr. Nomura, who said he expected to make 4.5 billion yen (\$39.4 million) during the lottery's run, raising revenue by about 0.3 percent for the year ending in March.
Prizes for the lottery, which starts

Frizes for the lottery, which starts
Feb. 1, will include gift coupons,
video-game machines and cameras
from Canon Inc. and a calorie meter
from Bandai Co., the maker of
Tamagotchi virtual pets. ANA als
plans to cut the price of a regular
domestic ricket by 400 year April 1 to domestic ricket by 400 year April 1 to reflect lower landing fees.

## **Prison Terms for Newspaper Fraud**

HONG KONG - Two senior

executives and a former head of circulation at the Hong Kong Standard, an English-language newspa-per, were convicted Wednesday and sentenced to prison for plotting to deceive advertisers by falsely inflating circulation figures.

Judge Peter Line handed down

guilty verdicts to the general manager, Henrietta So, the finance manager, Tang Cheong-shing, and a former circulation director, David

Wong Wai-Shing.
Their high-profile fraud case had raised questions about whether the judicial system in the territory protected the rich and well-connected. end of this business year on March The publisher of the newspaper, 31," said Hakuo Yanagisawa, Sally Aw Sian, was identified in court documents as a conspirator but (AFP, AP, Reuters) was not charged.

were all convicted of conspiracy to defraud. Mrs. So and Mr. Tang also were convicted of six counts of false accounting, and Mr. Wong was con-victed of four counts of false ac-

counting. The judge sentenced Mrs. So to six months in prison. Mr. Tang and Mr. Wong were sentenced to four months each. All were ordered

Prosecutors said the executives had ordered the printing of extra newspapers and then disposed of 10,000 to 20,000 copies each day

to be a friend of the chief executive of Hong Kong, Tung Chee-hwa.

The Department of Justice said

via a front company. Mrs. Aw, the publisher, had asked Mrs. Aw.

about the case. Before the case came to court,

Secretary of Justice Elsie Leung fielded questions about why Mrs. Aw had not been prosecuted. She cited the public interest, drawing criticism that the government would lose credibility.

Mrs. Aw is chairwoman of Sing to pay court costs.

It was unclear whether the executives would appeal. The Hong Kong Standard referred inquiries to its owner, Sing Tao Holdings Ltd., which declined to comment.

Tao Holdings, which also controls the Chinese-language Sing Tao Daily News, and a member of the Chinese People's Political Consultative Conference, a political advisory body of the Chinese government. ernment. She also has been reported

Wednesday it would soon explain to Mrs. So reportedly testified that the public why it had not prosecuted

#### Disney Seeking Hong Kong Site

Blownberg News HONG KONG -- Walt Disney Co. is close to a preliminary agreement with the government to build a theme park in Hong

Kong, a person familiar with the talks said Wednesday. Disney could seal a pact within three months, the source said. The company is said to be considering sites in Tolo Har-bor in the suburban New Territories and on Lantau Island

near the new airport. Disney executives declined

## A WEEK IN THE LIFE OF THE IHT

Monday **MONDAY SPORTS** 

Tuesday STYLE

**POLITICS AND ECONOMICS** 

**BUSINESS AND FINANCE** 

**OPINION AND COMMENTARY** 

THE ARTS

Wednesday

STAGE/ENTERTAINMENT

Thursday

HEALTH/SCIENCE

**BOOKS AND TRAVEL** 

**BRIDGE AND CHESS** 

Friday **LEISURE** 

Saturday-Sunday

**ART/THE MONEY REPORT DAVE BARRY** 

Plus Daily

THE PEOPLE COLUMN

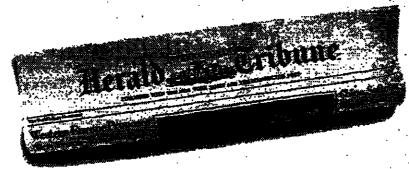
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# Familiarity Breeds Wealth: A Fund Manager Stays Close to Home

WASHINGTON - In this wild and crazy market, it's always a delight to find a cool-headed pro who ignores the fads and keeps doing what he's always done, with great success.

The Dow Jones industrial average, as of Tuesday, had finished seven of the year's 11 trading sessions with gains or losses of at least 100 points. Meanwhile, in that brief time Amazon.com Inc. has gone from \$108 to \$199 and back down

But Ellion L. Schlang doesn't care, He's held the same strategy for decades, and it works. Every small investor should pay heed.

Mr. Schlang lives in Cleveland and runs a research service called Great Lakes Review, which publishes a quarterly newsletter and more extensive reports, none of which you can get. His clients are large mutual funds, pension funds and university endowments, 1. which pay him to call good stocks to

But not just any stocks. Mr. Schlang has strict criteria. He looks for compames with the following characteristics:

#### **Two Fund-Trackers List Their Favorites**

WASHINGTON — In the latest issue of Forbes magazine, Mark Hulbert, who meticulously tracks newsletter performance, praises Sheldon Jacobs of the No-Load Fund Investor (telephone in the United States 1-800-252-2042) and Dan Sullivan of the Chartist (562-596-2385) on a very short list.

Each editor has his own favorites among mutual funds.

Mr. Jacobs recently increased the weighting of Vanguard Total Stock Market Index and Janus Balanced in his portfolios. Other favorites: Gabelli Growth, T. Rowe Price Equity-Income, TIAA-CREF Growth & Income and Neuberger & Berman Focus.

Mr. Sullivan recommends the fol-Awing 10 funds: Clipper, Dreyfus Aggressive Value, Fidelity Dividend Growth, Oakmark, PBHG Mid-Cap Value, Reserve Large-Cap Value, Rydex Nova, Rydex OTC, Selected Amer-

JAMES K. GLASSMAN /ON INVESTING

earnings that increase "year after year regardless of external business conditions" (which leaves out Amazon, because it has no earnings at all); high growth rates and above-average profit margins; "self-funding balance sheets" (that is, minimal debt); managers who own lots of stock in the firm; and headquarters in Ohio, Michigan, Indiana or western Pennsylvania (so Mr. Schlang can visit

"You can't find these companies easily," he told me Tuesday. Many of them believe it or not — have long been overlooked, often because they are in boring businesses in the Rust Belt states of America. In fact, one of Mr. Schlang's criteria for recommending a stock is that it has little institutional ownership (that is, Wall Street hasn't

caught on). Since he began the review in 1981, he has maintained a portfolio of 30 stocks. with an average of only four falling off (because of mergers, management changes or poor profit performance) and being replaced each year. In February 1998, for instance, he added Ohio-based Miami Computer Supply Corp. (symbol: MCSC), a booming distributor of computer and office-automation supplies. Since then, the stock has more than doubled.

Miami is not a value stock. It trades at a price-to-earnings (P/E) ratio of 31, based on estimates of 1999 profits. But earnings for the most recent quarter were up 70 percent, and revenue should more than double this year. So if Mr. Schlang is right, he's buying growth at a decent price.

Ditto his other recent acquisition -Childtime Learning Centers Inc. (CTIM), the largest publicly held U.S. day-care provider, with 257 centers in 17 states. The stock is down by one-third from its July high — "for no operating reason," said Mr. Schlang. With earnings and revenue growing at about 20 percent annually, shares trade at a P/E of 18.

But price is not Mr. Schlang's obsession. "Investors should be companyican Shares and Safeco Equity. focused, not stock-focused," he says.

— JAMES K. GLASSMAN And the statistic that measures the strength of a company best is earnings persistency: "One thing I ask is record results year after year."

So it is no surprise that Mr. Schlang lists these "four names that should be in everyone's core holdings' -- companies that provide "predictable earnings

in an unpredictable economy": Cintas Corp. (CTAS), based in Cin-cinnati, holds an 18 percent share in the highly fragmented \$5 billion uniformrental market, serving 220,000 customers a day. The company has increased sales and earnings for 29 consecutive years — through recession and prosper-ity. The stock has more than quadrupled over the past five years and trades at a P/E of 50, but so what? It just keeps

making more and more profit.

RPM Inc. (RPM), of Medina, Ohio, makes specialty coatings and chemicals, especially for waterproofing and rust control - hardly a sexy niche. But Mr. Schlang notes that the firm "has distinguished itself with 51 consecutive years of improved sales, net income and earnings per share." RPM has increased

its dividend every year since 1974. Stryker Corp. (SYK), which makes surgical products, mainly orthopedic implants, has been on Mr. Schlang's list of 30 stocks since 1982. Over that time, 1,000 shares at \$35.75 each have become, through splits, 18,000 shares at \$50.50. Stryker, based in Kalamazoo, Michigan, has also consistently increased its earnings at an average rate of 16 percent annually since 1994, according to Bloomberg News. Its P/E of 33 is roughly twice the growth rate - which

for the Dow.

Tootsie Roll Industries Inc. (TR), headquartered in Chicago, achieved 21 consecutive years of record sales and 16 consecutive years of record earnings," Mr. Schlang said. In addition, it has paid 3 percent stock dividends for the past 34 years and cash dividends for the past 55, with annual increases since 1963. Mr. Schlang expects earn-ings of \$1.63 in 1999, which would peg the P/E at 27 -- not bad for a compar whose earnings have been growing at 15 percent annually for the past five years.

Tootsie Roll, in fact, may be the perfect Schlang company. Its chief executive and its president, Melvin and Ellen Gordon, own nearly half the shares, so they have a vested interest in keeping

the profits rolling. Total debt is a mere

may seem high, but, as Mr. Schlang \$7.5 million against cash and securities points out, it's still below the average of \$1.72 million. Besides Tootsie Rolls and Tootsie Roll Pops (a personal favorite), the company makes Charms, Mason Dots and Junior Mints (of

'Seinfeld' fame). What is remarkable about Mr. Schlang's approach is that he does so well limiting himself to four and a half

An indispensable element in the Schlang approach is visiting companies and getting to know the managers. He will sell a company when a great CEO leaves as he did Rubbermaid Inc. (RBD) when Stanley Gault departed. Another of Mr. Schlang's longtime favorites, Newell Co. (NWL), which he's owned since 1985 (and has since risen by a factor of 20), is acquiring Rubbermaid.

E-mail: jkglassman@aol.com

#### **Very briefly:**

• Fidelity Investments said some of its biggest equity mutual funds doubled their exposures to technology stocks last year. The \$83.6 billion Magellan Fund had 25.8 percent of assets in technology stocks at the end of December, twice what the fund owned in that sector at the end of 1997, according to Fidelity. In 1998, Magellan gained 33.6 percent, outperforming the 28.6 percent advance of the Standard & Poor's 500 stock index.

• Fidelity Investments is now the biggest foreign mutual-fund manager in Canada, overtaking Templeton Management Ltd. last month. Fidelity Investments Canada Ltd. had almost 19.1 billion Canadian dollars (\$12.5 billion) in fund assets in Canada at the end of the year, the Investment Funds Institute of Canada said.

Thomas Weisel, former head of NationsBane Montgomery Securities, opened a new investment bank, Thomas Weisel Partners, to focus on technology, media and health care.

• European governments are replacing domestic bond auctions with syndicated bond sales, seeking a wider investor base as the euro blurs distinctions between domestic and international bonds. The introduction of the common currency in 11 countries makes it easier for member countries such as Austria, Belgium and Portugal, which have typically relied on domestic banks to bid at bond anctions, to reach beyond their home markets.

 Eastern Europe must do more to protect minority shareholders rights, speed up state asset sales and reduce governments' roles in corporate management, said Mark Mobins, president of the Templeton Emerging Markets Fund, at a conference in Victora.

 Charles Schwab, co-chief executive and founder of Charles Schwab & Co., the largest discount brokerage network in the world, is bullish on stocks and says he is buying blue-chip issues. In an interview at a company-sponsored conference, he said the "extreme emotionalism" that hurt equities last year had ended. Bloomberg

#### EUROPEAN MULTI INDEX FUND

Luxembourg, 11, rue Akiringen R.C. Luxembourg N° B 33,790

L'Assemblée Générale Statutaire de European Multi Index Fund du 15 janvier 1999 décidé la mise en palement d'un dividende des compartiments suivants

Corportiment.	obu N,	Montant (bruf)			rdant mtj*	Record dela	Brokidend date	Date de palement	
UK INDEX PLUS	8	GBP	2,72	GBP	2,04	15/01/99	18/01/99	02/02/99	
GERMANY INDEX PLUS	8	BJR	0,75	EJR	0,5625	15/01/99	18/01/99	02/02/09	
SPAIN INDEX PLUS	8	EUR	1,47	EUR	1,1025	15/01/99	18/01/99	02/02/09	
NETHERLANDS INDEX PLUS	6	SUR	2,82	EUR	2,1150	15/01/99	18/01/96	02/02/99	

En Belgique après déduction du précompte mobilier de 25%

Pour les compartiments Belgium Index Plus, France Index Plus, Italy Index Plus, Switzerland index Plus, Portugal Index Plus, Greece index Plus, Sweden index Plus, Denmark Index Plus, aucun dividende ne sera payé.

Les coupons sont payables aux guichets des institutions suivantes :

en Belgique : KBC Bank N.V., CBC Banque S.A., HSA-Spearkrediet N.V.

au Luxembourg: Kredietbank S.A. Luxembourgeoise.

Les rapports annuels sont disponibles aux guichets des institutions mentionnées ci-dessus.

Les coupons peuvent être réinvestis à des conditions avantageuses, aux guichets des institutions sus-mentionnées qui ont elles-mêmes effectué le palement des coupons, dans tous les Fonds et SICAV promus par la KBC BANK S.A., Bruxelles, à l'exception de KBC Money, International Property Fund, KBC Institutional Cash, KB Horizon, KB Multi Cash, KBC Spectrum Currencies, Privest, KBP Security Click, KBC Click, KBC Equissie, KB Fhobli, KB Districtick et HSA Pro-Fund.

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# Herald Eribune

### WORLD ROUNDUP

#### NBA Camps to Open

BASKETBALL The National Basketball Association lockout was officially settled Wednesday, and teams were told they could begin signing players, making trades and opening traning camps at 2 P.M., New York time, on Thursday.

"We have an agreement, and we expect to have the deal signed tonight," a league spokesman, Chris Brienza, said Wednesday after-

Teams can immediately begin talking to their players, something that had been forbidden since Commissioner David Stern and the director of the players union, Billy Hunter, agreed two weeks ago on the terms of a new collective bar-

Now that the laborious task of reducing the settlement into written form has been completed and agreed upon by lawyers for the players and owners, play can fi-nally begin. Opening night is scheduled for Feb. 5, and the NBA is expected to release a new schedule by the end of the week. (AP)

#### Milan Goalie Suspended

soccer AC Milan's goalkeeper, Sebastiano Rossi, was suspended for five matches, or about one third of the remaining Serie A rounds, for hitting an opponent during the team's match last Sunday

against Perugia.

Rossi's punishment — one of the toughest in the Italian League's history — was announced by the league's disciplinary commission on Wednesday. AC Milan, while critical of Rossi's behavior, said it would appeal the decision in the hope of having the suspension period reduced.

#### A Big Raise for Pettitte

BASEBALL Andy Pettitte and 14 other players don't have to worry about salary arbitration anymore, having agreed to contracts late Tuesday. Petritte, of the New York Yan-

kees, agreed to a \$5.95 million, one-year contract, up from \$3.8 million last year, and has the chance to earn \$50,000 more in incentive bonuses. A stocky, 26-year-old left-hander, Petritte was 16-11 with a 4.24 ERA in 1998; and struggled with his control and mechanics for much of the season. He came up big in the World Series, however, pitching 71/3 shutout innings to win Game 4 as the Yankees completed their sweep of the San Diego

A Houston Astros' right-hander, Jay Powell, got a \$3.65 million, three-year contract, and seven right-handed pitchers agreed to one-year deals: Montreal's Dustin Hermanson (\$2.05 million); James Baldwin of the Chicago White Sox (\$1.9 million); the Dodgers' Darren Dreifort (\$1.9 million); Houston's Sean Bergman (\$1,875,000); Anaheim's Steve Sparks (\$1.35 million); Detroit's Bryce Florie (\$1.3 million) and Oakland's T. J. Mathews (\$750,000).

## Philippoussis Outlasts Chang

#### Corretja Crashes to Unsung Norwegian While Rafter Marches On

By Christopher Clarey International Herald Tribune

MELBOURNE — "Let's get back to the tennis," Brian Tobin, the International Tennis Federation president, said hopefully as the third day of the Aus-

tralian Open was getting underway.

After a player meeting that turned contentious over Petr Korda's drug case and after allegations of wider drug use in the sport by Jim Courier, what Tobin wanted was a respite from the volatile game of question-and-answer and a return to the power game of forehands and backhands.

There would be some fine ones Wednesday: many of them in the five-set,

#### AUSTRALIAN OPEN

second-round thriller between counterpuncher Michael Chang and big puncher Mark Philippoussis. The larger man with a very large crowd behind him would triumph 7-6 (7-1), 2-6, 6-3, 5-7, 7-5, but not before the now-unseeded Chang had shown flash after flash of the sort of scrambling, overachieving tennis that once had taken him to No. 2 in the

"To be quite honest, I felt like he was getting a bit slower, but it didn't seem like it out there," said the 14th-seeded Philipponssis, now just one round away from a potential matchup with fellow Australian Patrick Rafter, the "mate" who beat him in U.S. Open final last year.

The fact that Philippoussis and Rafter both played Wednesday helps explain why a total of 50,871 fans descended on Melbourne Park for the day and night sessions. It was the biggest one-day crowd in the long history of Grand Slam tennis tournaments, surpassing the crowd of 46,922 at the U.S. Open last year.

The third-seeded Rafter, who won with relative ease against countryman Mark Woodforde, is now the highestranked player remaining in the draw. No. 1 seed Marcelo Rios withdrew before the tournament began with a stress fracture in his spine. No. 2 seed Alex Corretja is in perfect health, but his normally constant and forceful baseline



Venus Williams questioning a call during her match against Asa Carlsson. Williams won 6-2, 6-0. game was in urgent need of treatment during his four-set loss to Christian Ruud, who hails from a nation that has had much more success on snow than Rebound Ace: Norway.

Because the 86th-ranked Rund had no Norwegian tennis role models to admire as a youngster, he chose the closest thing: Sweden's Mats Wilander. He was also coached for a short time by Sweden's future Davis Cup captain Carl-Axel Hageskog. But Rand won only four matches on tour last season: 53 less than Corretja, a French Open fi-nalist in June and the winner of the ATP Tour Championships in November.

'I'm not God," said Corretja, who, with his big backswings and high service toss, is even less ethereal on very windy days like Wednesday.

Wind is an equalizer in tennis, playing nasty tricks on timing, but it also is an excellent test of patience and improvisational ability. Rund passed and Corretja failed and now only one of the 13 Spaniards who came to Melbourne remains in the draw: the unseeded Julian Alonso, who will face Korda on Thursday in the second round.

The ITF called a news conference for Thursday morning to address the con-troversy surrounding Korda's drug case and to confirm that the men's and women's tours have agreed to increase the penalty for those who test positive for Class I performance-enhancing substances from one year to two years. The decision will bring them into line with other Olympic sports, nearly all of which have agreed to support a uniform two-year ban.

In response to Courier's claims that blood doping and the use of EPO to increase endurance was widespread in tennis, Tobin said, "I believe the sport is very, very clean relative to sports generally." Donna Smith, administrator of tennis's anti-doping program, said there was "right now absolutely no medical evidence that the use of EPO in a sport like tennis would be beneficial for a competitive edge." Mark Miles, chief executive officer of

the ATP Tour, said it was "really inappropriate for players to cast some kind of a cloud over the reputation of their sport without any substantiation. But despite officials' desire for an end

to the drug debate in Melbourne, not long after the conference adjourned, Lindsay Davenport, the world's number one player, said Courier "might have a very good point. I'm not up to date on the latest technology and how it all works, but I think there probably are some people that abuse the system in tennis." Davenport, who reached the third

Florencia Labat, also said "the men's tour probably has a bigger problem than the women's. It's a guess, but it seems that way to me because we don't have to worry about playing three out of five." I mean there are some people who

round with a 6-2, 6-1 victory over

are running like no problem at 8-8 in the fifth," she added. "Some men are not even winded after running for about five After playing with elbow pain for the last six months of the 1998 season,

bothered her since she underwent magnet therapy in California shortly before flying to Australia.
"This was like a big machine with a

Davenport said that her elbow has not

huge magnet," she said. "And I had to sit there with my arm under this magnet for five and a half hours. I thought, 'If this doesn't work, I will be really mad."

While Davenport and No. 6 seed Venns Williams had no difficulties winning Wednesday, No. 8 seed Patty Schnyder was upset, 6-7 (1-7), 6-4, 6-3, by the gifted and broad-shouldered Frenchwoman Amelie Mauresmo, who could be seeded herself before long. Tim Henman, the No. 6 seed, flirted

with elimination yet survived a five-set encounter with Australian doubles specialist Sandon Stolle. But the most compelling five-setter of the day and best match of the tournament thus far was

Philippoussis versus Chang.
After an injury-filled 1998, Chang is now 27th in the world; yet he chased down Philippoussis's powerful groundstrokes like the Chang of yore. But with the match in the balance late in the final set, he struggled with his first serve, and at 5-5, Philippoussis broke him with a typically mammoth forehand and reamed and pumped his fists.

The thousands in the stands and the

thousands more without Center Court tickets who were watching just outside on a giant-screen television celebrated along with him. He then served out the match, and as loud as the roar inside Melbourne Park was, it will surely be much louder if he or Rafter manage to



Mark Philippoussis serving to Michael Chang during their five-set battle.

## Former No. 1, Now No. 77, Speaks Out

Once in the news for winning the Australian Open in 1992 and 1993 and jumping in the Yarra River to celebrate, Jim Courier has been a prominent figure in Melbourne for other reasons in 1999. The world's former No. I player has been the most vocal opponent of an appeals committee's decision to rescind Petr Korda's oneyear suspension for testing positive for a steroid. He also has expressed his belief that other forms of doping are more common. Christopher Clarey of the International Herald Tribune spoke with Courier, 28, and now ranked 77th in the world, as he prepared to play in the Open's second round on Thursday.

Q. You had problems with your arm last year, problems that kept you out of the U.S. Open. How are you now?

A. Since September I've been feeling great actually. The arm is fine and no other parts of my body have been breaking down. I played five tournaments in six weeks in the fall, just grinding away. That was what I needed to do, play as many matches as iole and lest my body passed that test.

Q. There were rumors of your retirement last fall. Were they greatly

exaggerated? A. They were greatly exaggerated. I think I've still got a lot of good stuff to go in my body. I really feel like there are a lot more great matches left in me and if my body will allow me to continue going, my heart and spirit certainly want to go.

Q. So you never considered it?

Q&A/Jim Courier

A. I've been thinking about retiring since I was 23. Every year you have to get through some tough patches, and ask if it is worth it to keep going. I think we all go through it. But I'm going to go out on my own terms. Q. Do you have a timetable? A. I've always felt that when I feel

I'm no longer capable of wining a major, I'll pull the plug.
Q. What is it like to have 77 by your

A. I'm really not that concerned about it as long as I feel inside myself that I can win the big ones. As long as I'm getting into the tournaments, I

don't care where I'm ranked. Q. You have been very outspoken about Korda.

A. The facts are supposed to come out at the end of the four-month process of the ITF's appeal and hopefully we'll get to see every word they said in court and then make a decision for clear-cut it's ridiculous. But I don't hold a grudge against Petr. He's fighting for his name and his life, and I think a lot of people would do that as well.

This is like an O.J. Simpson situation. If I were innocent, I'd be screaming as loud as I could that I was, and that I'd been set up. I don't sense that with Petr. I sense him hiding behind his lawyers, which is the same thing I sensed with O.J.

Q. Some people argue that tennis

has a skill element that makes doping less helpful than in sports like cycling.
What do you think?

A. It's a total mental game, but your mental health can depend on how you wake up feeling. You can wake up feeling tired and worn out and it doesn't matter how strong your mind is, that's really bard to overcome. Do I have quantifiable proof about drug use? No. At this point I'm just throwing darts up and seeing what I hit.

Q. This is Davis Cup's centenary year, and Pete Sampras and Andre Agassi have said they will not play for the U.S. against Britain in the first round. What are your thoughts?

A. Pete is interested in personal goals, not team goals. I think if you haven't figured that out about Pete, you've got to pull your head out of the sand. Andre is the one who hurts me the most because I know how much Davis Cup means to him. I think it's his loss as much as anybody else's loss. Pete has never felt that, so I think we're better off just letting Pete go his own way.

I really don't think our captain, Tom about Davis Cup again. I think they're still friends, but how many times can you ask a girl out before you get the idea she doesn't want to date you. Q. Would having John McEnroe as

captain make a difference? A. Not with Pete, but Tom has had a long run, and he may do another two years. But I think John is the logical guy to come in next. John would bring great publicity to the thing. I think Mac will bring back some passion.

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#### **SPORTS**

## Predators Take Season Series From Canucks

The Associated Press

Blair Atcheynum scored two goals as The Nashville Predators beat the Vanconver Canucks, 4-1, capturing a season series, 3 games to 1, for the first time in The expansion franchise's history.

It was the first multigoal game of Atcheynum's career. He gave host Nashville insurance by scoring its final two goals on Tuesday night.

MHL ROUNDUP

Atcheynum's first goal, with 4:36 left in the second period, gave Nashville a 3-0

C Vancouver's lone goal came on a one-timer by Donald Brashear at 9:52 of the third, while Tom Fitzgerald got the Predators' first goal.

Lightning 2, Sabres 1 Rob Zamuner scored the game-winning goal in the second period and Corey Schwab tropped 14 shots as Tampa Bay beat ising Buffalo and gave Lightning coach Jacques Demers his 400th win. Demers becomes the 12th coach in NHL history to reach the milestone and

econd in as many days.

David Wilkie also scored for the Lightning, which snapped an eight-game (0-7-1) winless streak and beat the Sabres for the first time at home since an. 24, 1994 — a span of nine games. Buffalo, which saw its modest three-

Innocen

game (2-0-1) undefeated streak end, got a shorthanded goal from Miroslav Satan. - Senators 2, Rangers 1 Radek Bonk's third-period goal snapped a tie and gave Ottawa a victory over the Rangers at Madison Square Garden. Ron Tugnutt made 21 saves for the victorious Sen-

Continued from Page 1

out Salt Lake City when the selection

So far, there have been no allegations

Nagano of the kinds of scholarships,

free medical care, dubious real estate

deals and sexual favors that have sur-

faced in Salt Lake City. But officials here

acknowledge that they spent millions to

entertain the IOC, which controlled

whether this town got billions of dollars

worth of major public works projects —

including a new bullet train to Tokyo —

as a result of landing the Winter Games.

In hindsight, Nagano's mayor, Tas-

uku Tsukada, a member of the Nagano

bidding committee, said Wednesday that

3 ocess was needed. "The burden is too

much" for small cities like Nagano to

pay, he said. "Some moderation, some

balance" must return to the Olympics.

Tsukada joined a growing chorus of officials around the world who say

Olympic host cities should be selected by a small subcommittee of the IOC,

rather than the entire IOC membership.

He said that in future the IOC, not the

host cities, should be responsible for paying travel expenses, and that an inlependent watchdog should enforce an

ethical code on Olympic practices.

'At the time, we did what we had to

do. We did what was necessary. But we

Officials here said the Nagano com-

nittee typically had to pay at least

\$10,000 for first-class airfare and \$5,000 for lodging for IOC members, many of

had many difficulties," Tsukada said.

was announced in September 1991.



Jan Mertzig of New York Rangers, right, Hipping Vaciav Prospal of Ottawa Senators with a hip-check in a race for the puck. Ottawa won, 2-1.

New York took a 1-0 lead at 7:56 of the first period when John MacLean scored his 16th goal of the season. Ottawa evened the score on a goal credited to Bruce Gardiner, his third of the season, at 15:10 of the first period. The Senators had just killed off a penalty to Gardiner when Rangers defenseman Brian Leetch unintentionally directed

an Ottawa pass into his own goal. Flames 3, Red Wings 1 Jarome Iginla scored twice, including the go-ahead goal, to lead Calgary over visiting De-

With the score tied 1-1, Iginla put the Flames ahead for good 4:20 into the third period when he fired a rebound from a Jeff Shantz shot past goaltender Norm Maracle. It was the 18th goal of the year for Iginla, who scored just 13 times in 70 games last year.

Andrew Cassels also scored for the

Flames, who won for the second time in its last nine home games.

NAGANO: Uproar Over Lavish Perks as IOC Scandal Spreads

whom were from countries that never

have snow, do not participate in the

Winter Olympics, yet who were eval-

downhill skiing and other winter sports.

suit for the return of the money Nagano

spent to win the Games. The group says the \$14 million official figure grossly

underestimates what was actually spent,

but proof went up in smoke with the

books. Last week it sent a letter to the FBI and U.S. Justice Department asking them to widen their probe of Salt Lake

In addition to the money spent on

"If there was no wrong-doing, there

was no reason to destroy the books," said Masao Ezawa, the head of the citizens' group who has been crusading against the Nagano Olympics for 10

years. Ezawa has a soon-to-be published book on the "money-tainted Olympics"

that alleges that the Nagano beat out other cities by bribes to IOC members.

Ezawa said Wednesday that he even

believes the Japanese Olympic bid com-

mittee gave money to other cities to

bribes. It's a very ugly part of the Olympics," said Ezawa. He calls the

"The bidding process is all about

IOC members "dirty aristocrats" who painting was a gift expect lavish treatment. "Basically the bid committee.

withdraw from the selection process.

entertaining IOC members in Japan, even more money was spent on Jap-

City to include Nagano.

is known about these trips.

nating whether Nagano could be a site for

A citizens' group in Nagano has filed

Greg Adams each had a goal and an assist as Phoenix won its third straight at home. Tocchet's 14th goal of the season was the 399th of his career.

Shane Doan and Dallas Drake also scored for the Coyotes, while Al Macinnis and Craig Controy had the Blues' goals. With the loss, the Blues fell to 2-5 in their last 16 road games and to 3-3 in Phoenix since the Coyotes relocated from Winnipeg.

sche 5, Kinge 4 Joe Sakic scored twice, including the go-ahead goal, as visiting Colorado won its fourth

Ten seconds after Sakic knotted the score 1-1, Shean Donovan redirected the puck into the net off a shot by Chris Drury to put Colorado ahead 2-1. The Avalanche came within one second of tying the club record for fastest two goals. Sakic's 18th goal of the season gave Colorado a 3-2 lead.

they are salesmen selling a commodity

a court battle when it argued the burning

of the documents was illegal. Japan has

much narrower definitions than the

United States about what constitutes a

public document. An accountant had

signed off on the books before they were

burned and a final report -- which is

largely pictures of the committee mem-

bers and one page of finances — is about all that is left on the public record.

formation demand that revealed that the

Nagano prefectural governor spent more

than \$14,000 to go to Birmingham, England, in June 1991 on the eve of Nagano's

officially involved in the bid process.

clearly evident in Nagano embodied by

the treatment the IOC president Juan Antonio Samaranch enjoyed here. When Samaranch came for a visit in Antonio Samaranch enjoyed here. When Samaranch came for a visit in Antonio San Jose May 1991 — a month before Nagano's Los Angeles

valued at more than \$14,000, according

vanied a reports here.

Yamaguchi said he personally delivered to Samaranch a painting, a portrait of a dancing geisha, done by a Nagano artist. Yamaguchi said the painting was a gift from the artist, not the hid committee.

The IOC's culture of huxury was

Ezawa said he filed a freedom of in-

Several years ago, Ezawa's group lost

to the highest bidder."

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U.S. COLLEGE SCORES

s election — he was brought to Nagano on a chartered, timee-car train. Once there, Olympic officials gave him a sword handmade by a local craftsman First Per Salam 19, 5s

Period: New York, McCLean 16 Gretzky) (pp). 2. O-Gardiner 3 Second Period: None. Third Period: ) (Dacket) Shots on goal: O-10-10-

## 'Oldest Rider' Is Ready to Go Again

International Herald Tribuni ARIS — An hour afterward, Max

Sciandri was still shaken that he had been introduced as the senior member of La Francaise des Jeux bi-

'It's my 11th year in the sport and suddenly I'm presented as the oldest rider of the team," he said. "The 10 years have gone by really quickly."

"I always used to be one the youngest riders on my teams," he continued in a tone of wonder, "and now I'm the oldest." Take a number, Max, and get in

Sciandri, who will turn 32 on Feb. 15, was the first of 22 Française des Jeux riders to be introduced at a hotel in Paris this week. Across Europe, professional bicycle teams are staging their annual presentations — a chance for a little publicity and a buffet lunch to thank their many suppliers — before the sea-son begins Feb. 2.

As officials admitted, La Française des Jeux slumped last year, its second in the sport. In 1997, it won the overall team competition in the World Cup series of classics, and one of its riders, Frederic Guesdon, won the esteemed Paris-Roubaix race, just as the French team's directeur sportif, Marc Madiot, did in 1985 and 1991. There were no comparable successes last year and then the team became marginally involved in the doping scandal that washed over the Tour de France.

This season, Sciandri seemed to speak for the team when he said, "I need

Unlike many of his teammates, Sciandri has a high place to come back to. He has won daily stages in all three big Tours — in France, Italy and Spain and finished top-five in many oneCycling/SAMUEL ABT

day classics, while winning one of them, the Leeds Classic in 1995. In 1993 he finished third in the World Cup standings, and in 1996 third again in the road race at the Olympic Games in Atlanta. In his career, Sciandri has ridden in

three countries for six teams, a high number but fitting for somebody as in-ternational as he is: He was born in Derby, England, to Italian parents who had a restaurant there and now have two in Los Angeles. He bolds dual nationality in Italy, where he lives with his wife and two children outside Florence, and in England, which he represents in the Olympics and world championships.

"I need to finally win a classic, a big classic, to be on the books," Sciandri said in an interview after the team presentation. "I've been close for 10 years," a reference to third and fourth places in Milan-San Remo, third place in the Grand Prix of Zurich, fifth and 11th places in the Tour of Flanders and fifth place in both the Amstel Gold Race and Liege-Bastogne-Liege - all World Cup races.

"Being so close so many times," he said, "this makes you be more hungry. I want to be finally on the books - these famous books — so one day when I look back, at least I left a sign."

He might have left a few signs

already if not for injuries and bad luck. More than once, especially when he rode for the American-based Motorola team in 1992, 1993 and 1996, Sciandri appeared to be well set up for a possible

victory that didn't happen.
"I seem to have had bad luck in my career," he said. "A lot of times. But I still carry on, doing my job, training in

the right way, doing all the right things So, sooner or later, at least a bit of luck has to come around. As the world turns; some luck has to stay on my side at least

The last two years he has been dogged by injuries. He hurt his back in a crash in November 1997 and was slow, to return to form last season, winning only two stages in the Dauphine Libers in June. "Then I was riding really well" and it was getting close to the world championships and I fell and broke my right arm during the Zurich race" in August. "So I had to stay away from my bike for a month and a half.

"Now I'm back on the bike, I've got 6,000 or 7,000 kilometers of training and I'm getting ready for the new season. So far, no injuries, no colds. I'm really looking forward to the beginning of the season. I'm ready to go.

Sciandri said he felt comfortable with his role as the senior rider for a team that has no designated leader: "I feel a bit, more responsible, especially because this team counts a lot on younger riders. That's something I like." The average age on La Française des Jenx is 25. At that age, Sciandri won a stage in the Giro d'Italia, finished second in

Paris-Camembert and sixth in the Classica San Sebastian, a World Cup race. "Time's gone by quickly," he con-

cluded. "It's been great, a really good time of my life these 10 years. "I've learned a lot from cycling. In sports, you can learn things that help a lot in your life. It's not only getting onyour bike and suffering. Cycling is

made of sacrifice, of training, of hard

work. Work and work.

#### **SCOREBOARD**

## ICEHOCKEY

First Period: D-McCarly 12 (Yzerman, Matthy) (pp). 2, C-Iginia 17 (Fleury, Housley) Second Period: None. Third Period: C-Iginia

Brothwolle.

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Phoesix

Phoesix

First Perfect: S.L.-Macianis 12 (Dentitra,
Campbell) (pp). Second Perfect: P-Doon 2
(Mermy, Curamina) 3, P-Tocchet 14 (Adams,
Quint) 4, S.L.-Conroy 4 (Pronge, Pellerin) 5,
P-Drothe 8 (Tracchut, Lumme) Timir Perfect
P-Adams 9 (Tocchet, Carney) Slots on goal:
S.L.- 11-11-6-28. P. 4-12-7-23. Getfless:
S.L.-McLennon. Futz. P-Khabibolin.

2, C.Saidic 17 (Forsberg, Heightig) 3, C. Donovan 5 (Drusy, Grasarov) Second Period: L.A.-Courinali 2 (Robbielle, Perrentif) 5, C. Saidic III (Forsberg, Heightig) 4, C.Yalle 5 (de Vries) Third Period: C.-Komessky 9 (Lemisux) 8, Los Angeles, Robbielle 25 (Courinali, O'Donnell) 9, Los Angeles, Audelte 4 (Rosa, Perrentif) (pp), Sharis on gent: C- 10-17-6—33, L.A.- 8-9-14—31., Seattless C.Pay, I.A.-Fisst.

#### BASKETBALL

He. 4 Maryland (17-2) del. Georgia Tech 77-62. No. 12 New Mar. (16-3) tari to Nov Mar. St. 76-65. No. 16 Purtine (14-5) lost to Ohio St. 72-43.

Dressel 59, Towson 56

Georgio St. 86. Mercer 76 Maryland 77. Georgia Tech 62 Bowling Green 81. Marshall 67 Detroit 68. Wright St. 56 Ark.-Little Rock 70, Texas-Pan A

WOMEN No. 1 Tenn. (14-1) del. No. 12 Old Donie. (11-3) 77-61. No. 29 Autom (14-3) def. Jacksonville St. 105-63

> TENNIS AUSTRALIA OPEN

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MEN'S SECOND ROUND Pat Raiter (2) Aus., def. Mark Woo Aus., 6-2, 6-4, 6-4, Tim Henman (d.), Britain, de Stolle, Aus., 4-6, 7-5, 4-6, 6-1, 6-4, Karot Kucara (7), Slovaida, de Sanguinetti, Italy, 7-5, 6-1, 6-4, Jeff Tarango, U.S., def. Paul

Richard Kaajioek (5), Net

Thomas Enqvist, Sweden, def. Byron lock, Zimbalowe, 7-7 (8-6), 7-6 (7-2), 6-0. Nicolas Lapeniti, Ecuador, def. Magnos orman, Sweden, 7-6 (7-4), 3-6, 2-6, 6-3, 6-4. Morti Satin, Kusson, Brazil, 6-3, 5-7, 4-6, 6-3, 6-4. Mark Philippoussis (14), Aus., def. Michael Chang, U.S., 7-6, (7-1), 2-6-6-3, 5-7, 7-5.

Eng. 3-6.4-6.7-6 (7-4), 6-4.6-1. WESTERN'S SECOND ROUNCE

Emilie Loft France, def. Arms Smostneys,

Quillan, Aus., 7-6 (7-2), 4-6, 6-2. Silvia Pilischke, Austria. def. Ank Germany, 6-7 (7-9), 6-3, 7-5. Maria Antonio Sanchez-Lorenz def. Jennifer Capriati 7-6 (7-2), 6-2. Ghirardi, France, 6-7 (3-7), Nicole Pratt, Aus., def. So

Chanda Rubin, U.S., def. Elena Germany, 4-6, 7-6 (7-4), 6-2. Conchito Martinez (9), Spain, def. Brie Lippner, U.S., 6-0, 6-4. Jana Novatna (3), Czech R., def. H lagyana, Slovekia, 6-4, 2-4, 6-3. Lindsay Davenport (1), U.S., def. F

Amelie Mourasmo, France, def. Putty Schnyder (8), Switzerland, 6-7 (1-7), 6-4, 6-3. Notasha Zvereva (15), Belarus, def. Mellen To, U.S., 6-3, 7-5.

Jana Nejedly, Conada, de Cristea, Romania, 5-7, 6-3, 6-1.

Chi. U.S. 6-1, 6-2 den 6-2 6-1.

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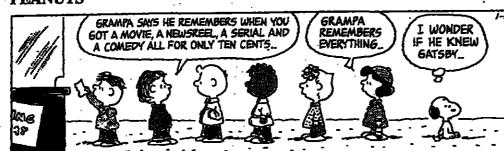




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#### ART BUCHWALD

## Trashing Virginia

there are strong indications it will soon receive New York's trash. While the contract has yet to be signed, the decision claim to be. Only New Jersey has better trash disease. is almost in the bag.

the tons and tons of waste, and 2006 to get an empty site." Virginia environmentalists were thrilled to win the con-

Richmond trash booster told me: "It's like Salt Lake City Olympics winning the Olympics. For scandal — if Virginia offiwinning the Olympics. For New York to this ,

bestow bogor on us when there are so many places vying for its garbage is a waste manage-ment dream come true."

What made the state one of the favorites is sometimes you can't separate that New York has supplied Virginia with 60 percent of its trash in the past.

The selection team said this was a factor because Virginia garbage there won't be any knows how to handle garbage. It is skilled at separating bottles from cans and paper from Hustler maga-apples and oranges."

Toom left to dump their own. New York's reply is, arating bottles from cans and apples and oranges."

NEW YORK — The good zines. The New York trash chairman said, "We made a has better trash dumps, but we Many states were vying for would have had to wait until

I raised the question — which was natural after the

cials had bribed anyone to get New York's waste. The answer was, "No. The fact that the New York committee received free tickets to Williamsburg is strictly coincidental.'

"Was any trash traded for sex?" I asked "Not that we know of,"

the chairman said, . "but one from the other."

One of the Virginians' major complaints is that if they keep accepting out-of-state

#### A Napoleonic Surprise in Spain

MADRID — Two letters purportedly written by Emperor Napoleon Bonaparte were discovered by police officers who were pursuing suspected British hashish traffickers in Spain, the newspaper El Pais reported Wednesday.

The police discovered the letters in a safe, along with two papal edicts from the 17th and 18th centuries, in May 1997 during a raid on a villa in eastern Spain. The investigating judge kept the information secret until this week, the paper

The letters are said to have been written by Napoleon in 1813: One was to his stepson, Eugene, Josephine's son from her marriage to Alexandre Beauharnais. The second referred

to an imperial decree granting nobility to a colonel.

Also found were papal bulls signed by Clement IX, which was dated 1668, and by Benedict XIV, dated 1754. El Pais reported that the documents had been stolen from a London antique dealer, although no such theft has been reported.

## St. Petersburg's Adulation for Its Great Writers

By Herbert Mitgang
New York Times Service

ST. PETERSBURG — Below a Byronesque statue of Alexander Pushkin that stands in a small park in front of the Russian Museum near Nevsky Prospekt, some present-day romantic has placed three long-sternmed red roses, now fading, at the poet's feet. Wandering around the canaled streets of the old capital, which bears far greater witness to its czarist legacy than to its scarred Leningrad past, a visitor is struck by the respect paid to literary eminences.

Authors and even their fictional characters are regarded with adulation. Though nothing is closer in memory here than the Great Pa-triotic War, as World War II is known, poets and novelists are also celebrated, a reminder of the burning desire of litterateurs to be heard despite harassment and censorship during the Stalinist era. Poets do outlast tyrants.

Among the more personal museums is the 11-room Pushkin Museum, with his documents, writing desk, canes and the waistcoat he wore when he was shot in a fatal duel. The Dostoyevsky Memorial Museum includes manuscripts and photographs and maps illustrating places connected with his life and characters. A walking tour embraces sites related to "Crime and Punishment," including Raskolnikov's flats and the murder route in the novel.

The most amusing outdoor monument shows a sculptured granite nose, with no other facial features. It can be found at the supposed spot on Voznesensky Prospekt where in Go-gol's classic story "The Nose," the character known as Major Kovalev, an official assessor and shakedown artist, lost his nose, which then acquired a life of its own. With a wink at the reader, Gogol ended his story: "Say what

at Bolshaya Morskaya, 47, near St. Isaac's Cathedral in the fashionable Admiralteiskaya neighborhood, where he was born 100 years ago this April. The building survived the German siege of Leningrad in World War II.

Nabokov himself described its appear-

ance in "Speak, Memory," his 1967 memoir. "We have moved now to our town pink Finnish granite built by my grandfather vard as a research scientist. circa 1885, with floral frescoes above the



Alexander Sergeyevich Pushkin, left, and Vladimir Vladimirovich Nabokov.

occupied the third floor."

Because Alexander Sergeyevich Pushkin was born 200 years ago this June, joint literary celebrations for the authors are being planned in the spring and summer. Scholars will gather in Pushkin's more spacious museum, at 12 Moyka Embankment, and visitors will be able to see the refurbished smuggled into the country. Now they are Nabokov birthplace and one of his family's published in St. Petersburg and Moscow. former estates outside St. Petersburg.

you like, but such incidents do happen in the world — rarely, but they do happen."

The newest literary museum honors a naturalized American, Vladimir Vladimirovich Nabokov, and is situated in the very building at Bolshaya Morshaya 47 name St. Innabation It makes literary sense to commemorate them together. Nabokov translated "Eugene Onegin," the verse-novel that is Pushkin's masterpiece. After Pushkin's "Ode to Liberty" and some of his satirical verses at Bolshaya Morshaya 47 name St. Innabation It makes literary sense to commemorate them together. Nabokov translated "Eugene Onegin," the verse-novel that is Pushkin's masterpiece. After Pushkin's "Ode to Nabokov, and is situated in the very building at Bolshaya Morshaya 47 name St. Innabation It makes literary sense to commemorate them together. Nabokov translated "Eugene Onegin," the verse-novel that is Pushkin's masterpiece. After Pushkin's "Ode to Nabokov, and is situated in the very building the verse-novel that is Pushkin's masterpiece. After Pushkin's "Ode to Nabokov, and is situated in the very building the verse-novel that is Pushkin's "Ode to Nabokov, and is situated in the very building the verse-novel that is Pushkin's "Ode to Nabokov, and is situated in the very building the verse-novel that is Pushkin's "Ode to Nabokov, and is situated in the verse-novel that is Pushkin's "Ode to Nabokov, and is situated in the verse-novel that is Pushkin's "Ode to Nabokov, and is situated in the verse-novel that is Pushkin's "Ode to Nabokov, and is situated in the verse-novel that is Pushkin's "Ode to Nabokov, and is situated in the verse-novel that is Pushkin's "Ode to Nabokov, and is situated in the verse-novel that is Pushkin's "Ode to Nabokov, and is situated in the verse-novel that is pushkin's "Ode to Nabokov, and is situated in the verse-novel that is pushkin's "Ode to Nabokov, and is situated in the verse-novel that is pushkin's "Ode to Nabokov, and is situated in the verse-novel that is pushkin's "Ode to Nabokov, and is situated in the verse-novel that is offended the czarist court, he was exiled to southern Russia. Nabokov went into selfimposed exile, eventually emigrating to the United States, where he taught Russian and tigation of the mystery of literary struchouse, a stylish Italianate construction of lepidopterist, he was also affiliated with Har-

third (upper) story and a second-floor oriel, other writings, he and his wife, Vera, made in St. Petersburg (now Leningrad), 47 Morskaya (now Hertzen Street). The children a grande dame of a hotel overlooking Lake Geneva in Montreux, Switzerland. Nabokov rather enjoyed the nickname conferred on him in his cygnelike setting, "the black swan of Montreux." They lived there for 18 years, until his death in 1977 at the age of 78.

Nabokov's writings were banned in the Soviet Union at the time, but his books were

The V.V. Nabokov Museum opened last spring as a private enterprise after a determined effort by a small group of Nabokov admirers. Its space included only the Nabokov family's foyer, library, dining area and a large meeting room. The upper two floors are oc-cupied by Nevsky Times, an independent daily paper of cultural and educational news.

"Getting the museum off the ground was very difficult," said Vadim Potrovich Stark, English literature at Wellesley and Cornell. its director. "The St. Petersburg adminis"My course is a kind of detective investration said it had no funds, but if we could tigation of the mystery of literary struc-tures," he said. Because of his work as a mission to go ahead. We slowly gained spon-

**PEOPLE** 

gram for students and visitors and trying to

make a film about the museum. A seedy luxury is visible in the carved wooden ceilings, fireplaces, piano and period furniture, some of which resembles the century-old originals. In the largest room there is a long table with dozens of high-backed chairs, once used for meetings conducted by Nabokov's father, who was a leader of the independent Constitutional Democratic Party before World War I. Nabokov hit boxing and fencing lessons in that room.

A permanent exhibition illustrates

Tide Shift Senate De Benate De Market Aury en 17

Nabokov's life in Russia, England, Germany, France, the United States and Switzerland. Dangling from the ceiling is a rather primitive. painting of the Nabokov family's cost of arms, two fierce lions and a raised arm holding a sword aloft. A second painting shows a foriorn but accurately detailed butterfly drawn; by Nabokov himself. There are photographs: of the family and their three former country. houses. The photographs were donated by Nabokov's son, Dmini, and sister, Elena.

Three groups support the museum: the Nabokov Foundation in St. Petersburgs DORN, a small publishing house that issues Nabokov Foundation. Nabokov's books as well as those of Pushking and other Russians, and a privately owned. Internet provider called Computer Net that works with museums. There are a couple of Russian movie posters under a glass case showing Jeremy Irons as Humbert Humbert in the recent film version of "Lolita." White he was in Russia for the opening of the movie. last year, Dmitri Nabokov visited his grand-father's mansion and admired the work be-

ing done to establish the museum.

Through his own Nabokov Literary Foundation, Dmitri Nabokov has been coordinating a number of events honoring his father in Russia, Europe and the United States." There is to be a traveling exhibition in Europe a colloquium of scholars in St. Petersburg-discussions at Town Hall in New York and an exhibition in the Berg Collection at the New York Public Library in Manhattan.

Where will he be at birthday time? "I'll be celebrating my father's two birthdays in two different places," he said. Two?
"Yes," he replied. "I'll be in St. Petersburg on April 10; that's his birthday on the old calendar. And I'll be back in Montreux

raise the money ourselves we had their perpidopterist, he was also affiliated with Harard as a research scientist.

After the success of "Lolita," "Pnin" and of the math of tunds, but it we could not catendar. And it is to to to the tunds, but it we could not catendar. And it is to to to the tunds, but it we could not catendar. And it is to to the tunds, but it we could not catendar. And it is to to the tunds, but it we could not catendar. And it is to to the tunds, but it we could not catendar. And it is to to the tunds, but it we could not catendar. And it is to to the tunds, but it we could not catendar. And it is to to the tunds, but it we could not catendar. And it is to to the tunds, but it we could not catendar. And it is to to the tunds, but it we could not catendar. And it is to to the tunds, but it we could not catendar. And it is to to the tunds, but it we could not catendar. And it is to to the tunds, but it we could not catendar. And it is to to the tunds, but it we could not catendar. And it is to the tunds, but it we could not catendar. And it is to tund it we could not catendar. And it is to tund it we could not catendar. And it is to tund it we could not catendar. And it is to tund it we could not catendar. And it is to tund it we could not catendar. And it is to tund it is tund it is to tund it is to tund it is to tund it is to tund it is tund it i



BOOSTER — Former Senator John Glenn visiting Parliament in Paris on Wednesday. The astronaut and his crewmates on the U.S. space shuttle Discovery are touring Europe to promote manned space flight.

Lugner to be his guest at the Opera Ball in Vienna on Feb. 11. Dunaway is the seventh celebrity to accept Lugner's invitation since Joan Collins made an appearance in 1993. Lugner's other uests have been Raquel Welch, the Duchess of York, Sophia Loren, Ivana Trump and Grace Jones.

British newspapers piled on Mick Jagger on Wednesday, denouncing him as mean and cynical after he advised his wife, Jerry Hall, that her attempt to they were never legally married. Hall began divorce proceedings last week amid reports that a Brazilian model, Luciana Morad, was carrying Jagger's child. The rocker responded by issuing a statement through his public relations people insisting that the couple's exotic 1990 wedding ceremony on the Indonesian island of Bali was not legally valid.

THE actress Faye Dunaway has accepted the invitation of the flamboyant Austrian building tycoon and 1998 presidential candidate Richard million) divorce settlement. The horn an attempt by Jagger to prevent Hall from claiming a £30 million (about \$50 million) divorce settlement. "The hurt and wrong that Jagger has inflicted on the long-suffering Jerry are magnified, not diminished by the possibility that their Balinese wedding was no more than a bit of play acting," said The Express. The Mirror was equally damning, saying "given his selfishness, it was too much to expect him to give in quietly for the sake of his four children, whom he has now also succeeded in humiliating.'

> career includes eight years as anchor of the CBS show "This Morning," will make his debut in March.

The newsman Harry Smith has been

named host of the A&E Network's Bi-

Tommy Lee, the drummer for Motley Crue, must appear in court next month in Malibu, California, to answer allegations that he violated his probation on a conviction of spousal abuse by drinking alcohol. Lee was sentenced in May to six months in jail and placed on three years' probation after pleading no contest to charges that he kicked the former "Baywatch" star Pamela Anderson Lee several times while she held their child, Dylan, during a fight in February 1998.

Placido Domingo has announced that Operalia, his annual competition for young opera singers, will be held from April 2 to 12 in San Juan, Puerto Rico. More than 500 singers under the age of 30 have already applied to be included in the contest. Three judges will listen to the tapes and choose the 40 singers who will sing in the competition.

205

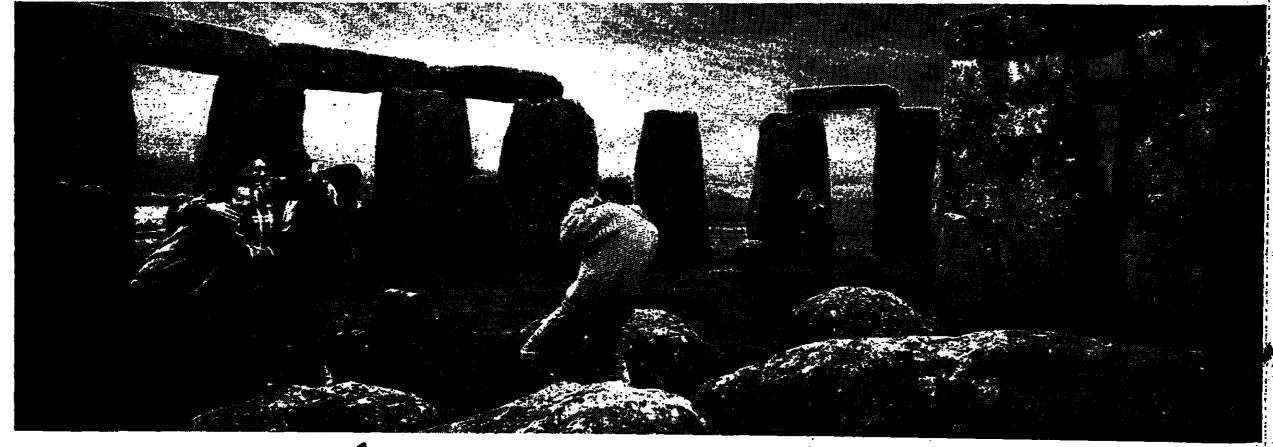
Marity Council

#### Musicians Protest Movie About Du Pre

ONDON - Several of the world's top classical musicians have joined forces to condemn a movie about the life of the late British cellist

The movie, "Hilary and Jackie," tells the life story of Du Pre, who died of sister, Hilary. In a letter to The Times the day of the film's British premiere, the cellist Julian Lloyd Webber condemned it as portraying Du Pre as "selfish, spoilt and manipulative." The violinists Itzhak Perlman and Yehudi Menuhin, as well as Du Pre's former teacher William Pleeth, the cellist Mstislav Rostropovich and the conductor Pinchas Zukerman - whose fictional coun-

terparts appear in the film — added their signatures to the letter. The film is based on the book "A Genius in the Family," by Hilary and Du Pre's brother, Piers.



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